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NEWS SUMMARY

GENERAL

Heseltine threatens council grants

Environment Secretary Michael Heseltine is threatening to withhold grants from any council which refuses to send revised budgets reducing spending plans for 1981-82.

Mr Heseltine is also proposing to send in special auditors to check excessive council budgets. Councils have colectively exceeded Government spending targets for the year by about £1bn. Back Page and Page 10

U.S. accused

Soviet President Leonid Brezhnev accused the U.S. of "using all sorts of pretexts" to delay the start of arms control talks. Meanwhile, the U.S. agreed to sell the Soviet Union an extra 6m tonnes of grain. Back Page

Fabian ballot

The Fabian Society is to expel Social Democrat members after voting narrowly to restrict full membership to those eligible for the Labour Party. Page 12

TV film attacked

Social Services Secretary Patrick Jenkin plans to see a preview today of the TV film on mental hospitals which has been attacked for distortion. Page 12

Tehran battle

Moslem extremists marched through Tehran shouting "death to Bani-Sadr" and tearing up portraits of the Iranian president after a day of street fighting. Iran-U.S. claims, Page 3

Files seized

Personal files on Italy's 15,000 freemasons were seized by police investigating the P2 masonic lodge scandal which brought down the Government last month.

Moro suspect

Swiss police said they had arrested a terrorist suspected of involvement in the killing three years ago of former Italian Premier Aldo Moro.

Poles defect

Three Poles, including a boy of 16, crossed the Baltic Sea to the Danish island of Bornholm in a plastic dinghy and asked for political asylum.

Spy swap

Argentina and Chile released 13 civilians held on espionage charges after a Vatican call for an easing of tension between the two countries. Page 5

Water costs hit

The Monopolies Commission criticised the Severn-Trent Water Authority's operating costs and efficiency but did not find its water charges excessive. Page 10

Speed record bid

150 companies have contributed cash and resources to the latest British attempt on the world land speed record in a four-and-a-half ton jet car. Page 10

United's man

Ron Atkinson, former boss of West Bromwich football club, was appointed manager of Manchester United on a three-year contract.

Labour day

Peking bureaucrats have been told to do half a day's physical labour each month to "keep them in touch with the masses and improve their workstyle."

Briefly . . .

Number of tourists visiting the UK fell by 10 per cent in the first quarter of this year. Page 10

EEC staff are threatening to disrupt Council meetings in Luxembourg in support of pay demands.

BUSINESS

Gold $16 down; dollar eases

● GOLD fell $16 to $456.5. Page 30

● DOLLAR's trade-weighted index fell to 109.5 (109.6). It closed at DM 2.4020 (DM 2.4075) and SwFr 2.1110 (SwFr 2.1250). It was unchanged at Y288.1. Page 30

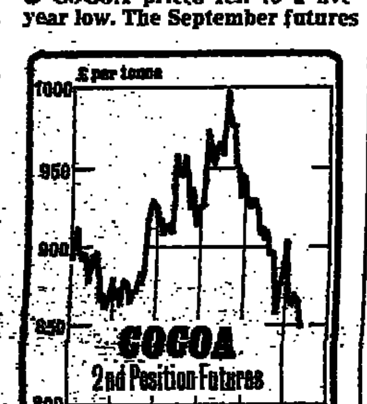
● STERLING's trade-weighted index fell to 94.6 (94.7). It lost 5 points against the dollar to $1.9405, and slipped to DM 4.6625 (DM 4.6750). It improved to FFr 11.0850 (FFr 11.0125). Page 30

● GILTS extended their recovery. The Government Securities index put on 0.44 to 65.81. Page 40

● EQUITIES, encouraged by gilts at first, turned dull on the BJ rights issue rumour. The FT 30-share index lost 2.3 to 545.6. Page 40

● WALL STREET was down 1.02 to 994.62 near the close. Page 31

● COCOA prices fell to a five-year low. The September futures



position ended £5.50 down on the day at £849. Page 39

● FEDERAL Reserve Board approved a plan to permit offshore banking in the U.S. Back Page

● OVERSEAS INVESTMENT rose to a record £2.58bn in the first quarter, from £630m in the previous three months. Page 8

● CENTRAL GOVERNMENT borrowing was £5.24bn in the first two months of the 1981-82 financial year. Page 8

COMPANIES

● NOMURA Securities Company, the largest Japanese security house, confirmed it was seeking permission from the Bank of England to start banking business in London. Page 29

● AIR FRANCE has ordered 25 Airbus Industrie A-320s worth $625m, with an option on 25 more. Back Page

● LOTUS CARS signed an agreement in principle on co-operation with Toyota, Japan's largest car manufacturer. Back Page

● SSIH'S board is to resign. Further losses were predicted for the Swiss watch group at the centre of a major banking rescue. Page 28

● BASS, the brewers, reported taxable profits up by £1m to £51.1m in the 28 weeks to April 11. Page 20; Lex, Back Page

● SKETCHLEY, the industrial workwear rental, dry cleaning and textile finishing group, finished the year to March 27 with its pre-tax surplus down to £5.16m (£5.74m). Page 20

● LCP HOLDINGS, the industrial holding company with interests in property, construction, vehicle distribution and metals, reported taxable profits for the year to end March down £2.9m to £3.61m. Page 25

● COMET Radiovision Services shares placed on the London Stock Exchange by Mr Michael Hollingbery and members of his family realised almost £10m. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 9¼% 1983	£91 11/16	+ 1/16
Treas. 14% 1996	£99	+ ¾
Bank of Scotland	370	+ 20
Barclays Bank	412	+ 12
Cornell Dresses	155	+ 10
Cullen's Stores	248	+ 14
Grindlays Bank	200	+ 10
Midland Bank	332	+ 12
Muirhead	116	+ 8
Parrish (J. T.)	155	+ 20
Pifco	193	+ 5
Polly Peck	300	+ 25
Ryl. Bk. of Scotland	190	+ 8
Sketchley	240	+ 5
Sound Diffusion	122	+ 6
Sun Alliance	880	+ 14
Vosper	138	+ 10
Guthrie	860	+ 20
Gold Fields S.A.	£36¼	+ 1¼
West Driefontein	£39⅞	+ ½

FALLS		
Caffyns	122	− 4
Cawoods	300	− 12
Comet Radiovision	133	− 6
Crouch (D.)	200	− 16
ICI	276	− 6
Kode Int.	305	− 10
Metal Box	186	− 10
BP	354	− 10
Candecca	160	− 8
Pancontinental	400	− 10

Nuclear watchdog's leader attacks Israeli raid on Iraq

BY ANATOLE KALETSKY IN JERUSALEM AND DUNCAN CAMPBELL-SMITH IN LONDON

THE HEAD of the world's nuclear supervisory body yesterday poined the chorus of criticism against Israel's attack on Iraq's reactor. Dr Sigvard Eklund, director general of the International Atomic Energy Agency (IAEA), said it was an assault on the global system of safeguards against the abuse of atomic energy.

Officials at the Vienna-based agency, which monitors nuclear facilities throughout the world, also said that, even before Sunday's raid, Iraq would not have had the capacity to produce an atomic bomb for at least 10 years.

But in Jerusalem, Mr Menahem Begin, the Israeli Prime Minister, was unrepentant. He said Israel had nothing to be ashamed of for attacking the Iraaqi reactor at Tamuz, near Baghdad, on Sunday.

He said the French built Osirak reactor had the ability to produce three Hiroshima-type atomic bombs, each capable of inflicting 200,000 casualties.

Faced with virtually unanimous condemnation by the international community, including the U.S., Mr Begin called the attack a supreme and legitimate act of self-defence and said the U.S. had no cause for complaint.

Mr Begin, clearly concerned that the attack might provoke a serious rift with Israel's main ally, *said a letter of explanation* was on its way to President Ronald Reagan: "He will understand."

Mr Begin repeated that the strike had to be carried out before the reactor became operational. He called President Saddam Hussein of Iraq a "bloodthirsty enemy," saying Israel would have been faced with another holocaust in three or four years.

Other developments yesterday included:

● The UN Security Council agreed to meet on Friday to discuss the attack and its consequences.

● The White House began a review of its arms sales policy to Israel, but an aide said President Reagan was reluctant *to interrupt sales.*

● The Arab League will meet in emergency session tomorrow in Baghdad to discuss the crisis.

In Vienna, Dr. Eklund, who has held the position since 1961, said: "During my long time here, I do not think we have been faced with a more serious question than the implications of this development."

The chief executive of the UN agency, who is Swedish, asserted that Iraq had always adhered fully to the terms of the Non-Proliferation Treaty it signed in 1969.

The 34 governors of the IAEA board meeting yesterday, found the existing agenda re-

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CRITICISM GROWS

The world rounded sharply on Israel yesterday over its attack on Iraq's nuclear reactor near Baghdad.

● Arab Foreign Ministers convened a hasty meeting in the Iraqi capital tomorrow.

● Egypt expressed its anger at the raid but remains impotent because of its ties to Israel.

● The White House said it would send to Congress "soon" a report on Israel's use of U.S.-made weapons in the raid.

● The new French Foreign Minister protested to the Israeli ambassador in Paris about the destruction of the French-built reactor.

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Kania confirms reform but reassures Moscow

BY CHRISTOPHER BOBINSKI IN WARSAW

MR STANISLAW KANIA, leader of the Polish Communist Party, yesterday promised that economic and social reforms would continue. He also restated his commitment to hold an extraordinary party congress next month and defended introduction of democratic elections within the party.

But Mr Kania took pains to reassure the Soviet Union that measures would be taken to control elements threatening Communist orthodoxy.

Poland, Mr. Kania told a meeting of the party's policy-making Central Committee, had reached "one of the most dramatic moments in the country's 1,000-year-long history."

The meeting was called after committee members received a letter from the Soviet Central Committee at the weekend. The leter called for an end to "the policy of concessions and compromise" and said that Socialism was in "mortal danger" in Poland.

In his speech opening the meeting Mr. Kania said: "There are reasons enough for great anxiety about developments here and this is why we place the greatest weight on Soviet fears and on all their well-disposed suggestions."

Tensions were eased earlier in the day when the Solidarity trades union postponed a two-hour protest strike threatened for tomorrow in the region around *Bydgoszcz, northern* Poland. Union leaders are to meet in Gdansk shortly to assess their position.

Mr. Kania struck the tone Moscow likes to hear when he said: "A sharp reaction must conquer every assault on public order. There can be no tolerance for activity aimed against Socialism, against our alliances, against our friendly relations with the Soviet Union."

While recognising Soviet fears about developments in the party, Mr Kania said the Polish Politburo thought the Congress should be held as scheduled on July 14 and that "the authenticity of democracy in elections within the party was valuable."

Even the rank-and-file movement for democracy in the party was a good thing where it worked together with the party authorities, he said.

He admitted there were cases of attempts to transform the Communist Party into a social democratic organisation and he announced that disciplinary measures would be used against party members who had

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Attack on Solidarity stepped up Page 3
Solidarity "not scared" Page 11

Allianz has 28% of Eagle Star

BY JOHN MOORE

ALLIANZ Versicherungs, the largest insurance group in West Germany, yesterday built up its shareholdings in Eagle Star, a leading UK insurer, to 28 per cent in a deal worth £51.7m. Over the last week, it has spent £110m in acquiring its Eagle Star shares.

But the dramatic scenes which the stock exchange had expected during Allianz's transactions yesterday failed to materialise.

Last week Allianz had acquired a 14.9 per cent stake in Eagle Star in a "dawn raid" share purchase for £59.2m. The group then announced that it was planning to acquire through a tender offer a further 15 per cent of Eagle Star shares at a maximum price of 290p per share. The offer was described by Eagle Star as "daylight robbery."

Shareholders wanting to sell shares had to indicate their intentions and the price they wanted between 10 am and 3 pm yesterday through their stockbrokers. Brokers had to lodge their clients' intentions to sell in envelopes at the Consols Bar situated in a corner of the Stock Exchange.

The tender offer was the first under the rules drawn up by the Council for the Securities Industry, the City's regulatory watchdog, which sought to bring some control to dawn raids at the end of last year.

Under the rules for tender offers, holders of Eagle Star shares wanting to sell had to state their sale price, which could not exceed 390p. The price at which the required number of shares — in this case 15 per cent of Eagle Star's equity — would be acquired would then be determined.

This would be the striking price which would apply to all shares offered below this price.

Since it was the first operation of its type the Stock Exchange yesterday left nothing to chance.

A small hut-like structure was placed around the Consols Bar which had been given a roof. This was to prevent brokers throwing acceptances over the bar at the last minute.

The visitors' gallery was shut three-quarters of an hour before the Allianz offer was due to close.

In the event there was not much movement yesterday in Eagle Star's share price which closed steady at 283p. This was not much different to the maximum price of 290p offered by Allianz.

Within two hours after the offer closed Allianz found it had acquired a further 17.8m shares, just over 2.5m short of the target of 20.4m.

Shareholders were told they would receive the maximum price of 290p a share.

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For latest Share Index phone 01-246 8026

Official increase in interest rates not yet in view

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT sees no reason to push up UK interest rates in the immediate future despite the recent sharp fall in sterling.

Consequently, clearing bank base rates and mortgage rates seem likely to be unchanged for the time being.

The official view remains that domestic monetary developments determine interest rate policy and that no increase is indicated by the latest Bank of England figures published yesterday.

These show that sterling M3, the broadly defined money supply, rose by about 1¼ per cent *in the month to mid-May. After* adjusting for the delay in tax revenue caused by the Civil Service dispute, the rate of monetary growth in recent months is officially reckoned to be within the target range.

The gilt-edged market took some encouragement from these

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figures and from the relative stability of sterling so far this week. Prices of long-dated stocks rose by £¾.

Sterling recovered at one stage to $1.9590 before slipping back in response to a firmer dollar to close at $1.9405, fractionally lower than the previous close in London but higher than in New York on Monday evening.

The Government is taking a watchful but unperturbed view of sterling. While there is no official attempt to defend any particular exchange rate, the authorities may intervene to steady the market if trading becomes too volatile. A further sharp fall in sterling might also force a review of interest rate policy.

The Government has not interfered in the London money markets to prevent the upward trend in interest rates in the last week. This is in line with the official policy of the last few months that such rates should be determined primarily by market forces. The Bank has reduced its presence in these markets leaving Minimum Lending Rate much more a symbolic than a practical indi*cator of the level of interest* rates.

The key three-month interbank rate has risen by nearly a point in the last week or so, though yesterday it fell by ⅛ of a point to 13 1/16 per cent.

The clearing banks are under no pressure to increase their base rates since short-term money is easily available at lower interest rates. But if the general level of interest rates rose to permit switching between banks (known as round-tripping) base rates would have to rise and the Government would have to consider whether to give a lead.

Analysis of the domestic monetary scene has been made much more difficult by the Civil Service dispute which, between early March and the end of May, had boosted central Government borrowing by £3bn to £3½bn.

The Bank estimated yesterday that ¾ to 1 percentage point of the 1¼ per cent rise in sterling M3 last month could have been inflated by the effects of the dispute.

In the last three months sterling M3 has risen 18½ per cent at an annual rate, or 7½ to 8 per cent after adjusting for the dispute. In the last six months the annual rates are 13¼ and 7 to 7½ per cent respectively. This compares with a 6 to 10 per cent target range.

Officials draw two broad conclusions from these figures—first, that the longer the dispute persists the harder it is to take the numbers at face value and, second, that with all these provisos the adjusted money supply seems to have been growing within the target rate.

Some commentators have become worried about the actual (rather than the adjusted) rate of monetary growth and believe this may have contributed to the recent weakness of sterling.

The figures suggest that the delay in payment of taxes allowed companies to hold down their bank borrowings last month though, even after allowing for this, bank lending may have risen appreciably less than in previous months.

The London clearing banks commented that loan demand from the personal sector was quite strong and partly offset the fall in demand from manufacturing and service industries.

The counterpart last month of the small rise in bank lending was a high level of Government borrowing, partly inflated by the dispute and only partly offset by sizeable sales of gilt-edged stock and national savings.

£ in New York

	June 8	Previous
Spot	$1.9175-9195	$1.9180-9200
1 month	1.16-1.23 pm	1.12-1.19 pm
3 months	2.20-2.30 pm	2.65-2.75 pm
12 months	4.35-4.55 pm	5.90-6.10 pm

BP ends price support for petrol

BY SUE CAMERON

BP OIL yesterday announced that petrol prices at many of its 5,000 garages would go up by between 6p and 10p a gallon from midnight tomorrow.

The group, which includes the National chain of garages, is ending all price support to petrol dealers in a desperate attempt to stem losses which totalled £37m in the first three months of 1981. Petrol price support currently costs BP £1m a week. The move is expected to bring the average pump price of four star at BP and National garages to about 156p a gallon.

BP is clearly on tenterhooks as to whether the other major oil companies—notably Shell and Esso which lead the UK petrol market—will increase their petrol prices also. Yesterday BP admitted that if other companies did not follow suit, it would have to "reconsider" its position.

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BP warned that if it raised *petrol prices alone to return* the company to profitability, it would have to raise pump prices by an additional 6-10p a gallon.

Prices of most other BP oil products, such as heavy fuel oil, were raised at midnight last night. Shell, Esso, Mobil and Texaco have already increased their oil product prices—except for petrol.

They baulked at putting up petrol prices because competition at the pumps is still so fierce they feared they would quickly be forced to lower them again. The petrol price war is being fuelled mainly by the world glut of crude oil and poor demand caused largely by the recession.

These factors, plus the high price of North Sea crude, the effect of which is exarcerbated by the weakening of sterling against the dollar, are also costing the major oil companies large sums on their UK refining operations.

BP Oil, which takes 60 per cent of its UK oil requirements from the North Sea, said yesterday that the planned $2 cut in the current North Sea crude price of $39.25 a barrel would reduce its refining costs by 2p a gallon across the whole range of oil products. The ending of price suport to petrol dealers plus increases in the wholesale prices of other oil products would lower the company's costs

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Spain and France shape up for extradition row

BY ROBERT GRAHAM IN MADRID

A SERIOUS diplomatic confrontation is looming between France and Spain over the extradition of members of ETA, the militant Basque separatist organisation. The Spanish Government is deeply disturbed by strong hints from M Pierre Mauroy, the new French Prime Minister, that France will not accede to Spanish extradition requests.

Comments to this effect made by M Mauroy on French radio on Monday provoked the summoning of M Raoul Delaye, the French ambassador, for a terse meeting with Sr Jose Pedro Perez Llorca, the Spanish Foreign Minister, late that night.

Sr Perez Llorca is understood to have stressed the grave consequences for bilateral relations of any refusal by France to grant extradition. This is the toughest warning yet made by Spain to France over what is regarded in Madrid as French leniency towards a self-proclaimed terrorist organisation.

M Mauroy said, among other things, that there was a distinction between combating terrorism on French soil and extradition. He also said that France had traditionally been a country of freedom and, when asked about extradition of Basques, he replied: "From what I have said it is easy to draw conclusions."

The Spanish authorities are still uncertain whether this represents new French policy. However, it appears consistent with comments made by advisers of the French President before he was elected.

The Prime Minister's remarks follow the decision by a French tribunal on June 3 in favour of the extradition request by Spain against Sr Tomas Linanza. The latter is wanted by Spain in connection with the killing of six Guardia Civil in February 1980 and one other murder.

Approving the extradition, the court said that Sr Linaza was nothing more than a common criminal and refused him political status. The decision has to be approved by the French Government.

It was the first time ever that a French court has granted a Spanish extradition request for an ETA member. There are 18 other cases pending.

Madrid believes that the police effort against ETA is undermined seriously by the lack of official French co-operation. All the ETA leadership lives on the French side of the border, principally based round St. Jean de Luz, Bayonne and Biarritz. Any move not to endorse extradition is viewed as wholly cynical, designed to ensure that France has no problems of its own in the French Basque country.

The Spanish are also angry that the French authorities in the past have approved the extradition of political figures not directly involved in violence, as in the case of Sig Toni Negri, the Italian left-winger.

Unions and employers ready to sign 'social contract' with state

BY OUR MADRID CORRESPONDENT

THE SPANISH Employers' Federation, the two main trade unions and the Government were last night due to sign a social contract designed to combat unemployment and control wages. The agreement, the first of its kind, has taken more than three months to negotiate.

It is an expanded version of a wage and work conditions pact signed last year between the Employers' Federation and only one of the two main unions—the Socialist General Workers Union.

The accord fixes wage limits for 1982, pension increases, minimum wage levels, funding of social security, and Government aid to stimulate jobs.

Negotiations on such a broad range of topics were extremely difficult and all three parties are signing the agreement for sharply differing reasons.

In the wake of the February coup attempt, the Government is anxious to give the impression of serious intentions to combat unemployment — the most sensitive economic issue. The trade unions, after the coup, cannot play their proper role but need to show the rank and file that their interests are not being ignored.

The employers have reluctantly accepted the agreement, largely because they do not wish to be publicly regarded as the ones rocking the boat after the coup and when the recession is so severe.

Under the agreement, more obviously concerned with wages than anything else, pay rises for 1982 will be limited to between 9 and 11 per cent. This compares with 11 to 15 per cent this year. Public sector wages will be held down to 8 per cent plus 1 per cent for productivity.

A number of measures have been agreed concerning unemployment benefit. These affect both first-time job seekers and those out of work for very lengthy periods. The latter, if heads of families, will receive a 90 per cent unemployment payout for one year after the initial unemployment period runs out. The Government will, at the same time, raise its contribution to the social security budget and employers' contributions will fall by 1 per cent.

The Government has also undertaken to reform the much criticised system of public works jobs for unemployed agricultural workers. For the present year the Government wil inject a further Pta 20bn (£52m) into this, essentially affecting the unemployed rural workers in Andalucia and Extremadura.

On the more general commitment by the Government to stimulate jobs, the agreement undertakes to create 350,000 new jobs in 1982. But this is still a vague and, as yet, ill-defined commitment. The employers, for their part, have not obtained greater flexibility in the hiring and firing of labour—their essential pre-condition for participating in new investment.

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Charles Batchelor reports from Amsterdam on the efforts to find a new ruling coalition

The Dutch political jigsaw puzzle

DUTCH POLITICIANS have begun to put together a government from the jigsaw provided by last month's general election. The process of forming a majority government from the 10 parties in parliament could take several months, although the politicians are under strong public pressure to act quickly.

More than usual significance attaches to the political haggling in The Hague this time. The eyes of Nato and of the Warsaw pact are on the Netherlands to see whether it will support the Atlantic Alliance's plan to station new nuclear missiles on Dutch soil. A left-of-centre government would almost certainly reject the missiles, while extended coalition negotiations could delay a Dutch decision beyond the agreed December deadline.

The complexity of the Dutch political jigsaw derives from the proportional representation system of voting. The 150 seats in the lower house of parliament are allocated to the parties depending on their share of the nationwide vote. With 8.7m people voting in the May 26 election, any party gaining 57,900 votes had a right to a seat in the house.

Unlike West Germany, the Netherlands has no minimum threshold below which parties are excluded from parliament. Thus six small parties with between one and three seats will take their place in parliament alongside the big four. In practice, the large parties try to exclude the small fry from government to avoid exposing themselves to pressure from the extremes of either left or right.

The increasing length of time taken for the political cement to set has been a cause of growing concern. It took a record seven months to form Mr Dries van Agt's government in 1977, while its left-of-centre predecessor required 5½ months. The outgoing cabinet stays on as "caretaker," but important policy decisions cannot be taken. Ministers merely mind the shop.

The Dutch normally take a two-stage approach towards reconciling the squabbling parties. One or two mediators or informateurs' are chosen, either active politicians or top administrators. Once the mediator has established there is a basis for agreement a formateur is appointed to form a government.

The emergence of the Christian Democrats as the largest party made them the natural choice to provide the two informateurs now at work.

The two mediators appointed by Queen Beatrix are studying the possibility of a centre-left coalition comprising the Christian Democrats of Mr Dries van Agt, right, the Democrats 66 of Mr Jan Terlouw, centre right, and the Labour Party of Mr Joop den Uyl, centre left. If this week's preliminary investigations fail to produce agreement, the other main party, the Liberals of Mr Hans Wiegel, left, may be drawn into the discussions.

The party was formed by the merger of three smaller religious parties—one Catholic, two protestant.

The Christian Democrats straddle the middle ground of Dutch politics, and have been represented in every government since the war. Their leader, Mr van Agt, 50, for a long time claimed that politics had no attractions for him, but after four years as Prime Minister he has clearly acquired the taste for political power. Mr van Agt, a lawyer by training, proved remarkably adept at keeping together the disparate elements in his government.

Mr. Joop den Uyl, the Labour Party leader, makes a sharp contrast to Mr. Van Ast. Now 61, Mr. Den Uyl has led his party into four elections and has built a formidable reputation as a professional and hard-working politician. But deprived of a place in the last government by the rigid attitude adopted by his party executive, Mr. den Uyl seems to have lost some of his old "touch" and his party fared badly in the election.

Democrats 66 and their youthful-looking leader, Mr. Jan Terlouw, were the clear victors in the election and more than doubled their strength in parliament. The party describes its policies as "progressive liberal" and is careful to avoid being too closely allied with labour.

It's critics accuse it of trying to be all things to all men. It owes some of its success to the personal charm of Mr. Terlouw, now 49. An atomic physicist by training, he writes children's books for a pastime.

Mr. Hans Wiegel, 39, leader of the Liberal Party, went young into politics. An MP at 27 he became Parliamentary party leader only three years later. His no-nonsense approach appeals to many voters but his own conservative image has not helped the party in its efforts to re-emphasise its "liberal" origins and aims. It is threatened therefore with isolation on the right of Dutch politics.

The issue which has thrust the Netherlands to the front of the European stage is nuclear armaments. Mr. van Ast, faced with a revolt among his own MPs in late 1979, produced a compromise on Nato's plan to station 48 Cruise missiles in the Netherlands. The Dutch Government delayed a decision until December 1981.

The party's attitude boiled down to this: if the U.S. showed it was doing something for peace by ratifying the Salt-2 agreement, and if the Soviet Union failed to take a conciliatory attitude in new disarmament talks, the Dutch would, regretfully, accept the missiles. If the Russians did take a positive attitude over disarmament then the missiles would be unnecessary.

Labour opposes the Nato plan, as do Democrats 66 "in the present circumstances." The Christian Democrats are still divided, while the Liberals are in favour.

Foreign interest may centre on the Nato missiles but the domestic attention focuses firmly on the economy. Unemployment is at a post-war high, the balance of payments is in deficit and the government spending can be financed only by record borrowing. The parties agree that something must be done but differ in their approach. Debate has centred on wages. Labour wants to maintain the incomes of the lowest paid, while the other parties say even the poorest must accept wage cuts.

Endless coalition permutations are imaginable but five are real possibilities. The most likely combination—if only because it has not been expressly rejected by any party—is for the Christian Democrats to link with Labour and Democrats 66, with Democrats 66 the lubricant between the two big parties.

Alternatively, the Christian Democrats could attempt to continue the existing coalition with the Liberals by enlisting the help of Democrats 66. This option has been rejected by Democrats 66, however.

If the outgoing government cannot gain Democrats 66 support, it could bring in the smaller right-wing parties to achieve a narrow majority, although this option is not favoured. A fourth and fairly remote possibility is for just the Christian Democrats and Labour to merge, but without Democrats 66 to oil the wheels, and given personal rivalry between Mr van Agt and Mr den Uyl, such a coalition might not last very long.

Finally, the Liberals, Labour and Democrats 66 could link up, although Democrats 66 would face an almost impossible task in bridging the gap between the two larger parties.

With four of the five options including either Labour, Democrats 66 or both, the prospects for the Netherlands approving Nato's plan to station 572 Cruise and Pershing 2 missiles in Western Europe are not good. If the Dutch pull out, or postpone a decision yet again, Belgium and even West Germany might be tempted to follow suit. The entire project would then have to be dropped.

PARTY STRENGTH IN PARLIAMENT

	General Election 1981	1977
Christian Democrats	48	49
Labour	44	53
Liberals	26	28
Democrats 66	17	8
Calvinist Party*	3	3
Calvinist Political Union*	1	1
Reformed Federation*	2	—
Radicals	3	3
Communists	3	2
Pacifist Socialists	3	1
Farmers	—	1
Democratic Socialists '70	—	1
	150	150

* Smaller right-wing parties

THE FRENCH GENERAL ELECTION

Communist bastion starts to crumble

BY DAVID HOUSEGO IN ROUEN

THE LOCAL Communist party has its headquarters in Rouen in a picturesque wood-fronted house facing the town hall, as if to reinforce its claim to be part of the ruling establishment here.

Indeed, for the past 14 years the town has returned as a Deputy one of the party's national notables—M Roland Leroy, a native of Normandy, member of the politburo and editor-in-chief of l'Humanite, the main French Communist daily newspaper.

Notwithstanding its image of provincial respectability, Rouen is also a substantial industrial centre and, together with the nearby ports of Le Havre and Dieppe, has long been regarded by the Communists as one of their strongholds in France.

But M Leroy's seat is now at risk. He is one of more than 40 Communist Deputies—about half the party's total strength in the last parliament—who could be pushed aside by the Socialist advance that gave M Francois Mitterrand the presidency.

In Rouen there is little doubt that the real battle in the first round of the legislative elections this Sunday is between the Socialists and Communists and not, as M Leroy would have voters believe, between Left and Right.

The front-runner for the Right, M Andre Danet, a dentist and long-time local politician, holds little hope of winning. He believes that many voters who have stood behind him to keep the Communists out will now switch to the Socialist candidate, M Pierre Bourguignon.

In Rouen there is little doubt that the real battle in the first round is between the Socialists and the Communitsts, not between Left and Right.

M Leroy was up at 5.30 yesterday morning addressing Post Office workers in the centre of Rouen. Despite his mischievous grin and seemingly limitless god humour and energy, he is known as one of the party's hardliners. He was a challenger in the past to M Georges Marchais, the Secretary-General, and almost certainly an opponent of Communist participation in a Socialist-led Government. M Leroy denies this with a broad grin as he denies that there are divisions.

"Marchais and I are different personalities, but we agree on all major points," he says.

He claims there are special factors to explain why the Communists trailed the Socialists in the first round of the presidential election. But there are several tell-tale signs that the Communists have suffered a setback to their confidence and their organisation.

There are relatively few Communist posters in the centre of the town, for instance. In some cases, the party is shielding behind a Left-wing anonymity in calling on voters to support M Leroy and the new "presidential majority," without revealing M Leroy's Communist identity.

He has also lost friends among those once proud that a native worker's son and former fighter in the Resistance should play so prominent a role in national politics. Now, it is his absences from the province because of his national responsibilities that are noted.

M Leroy has also run foul of the local feminist movement after some of its members were roughly thrown out of the party's Rouen office when seeking to protest about an article in l'Humanite.

The Communists seemingly have been unable to capitalise on what all parties agree is the most pressing local issue—unemployment. It has grown more sharply in this part of Normandy than anywhere else in France and has come as a nasty shock to an area that has traditionally thought itself rich.

The Socialists claim that in Rouen's mainly industrial constituency a quarter of those under 25 are out of work. Most jobs have been lost in textiles, but the chemical and metal-working industries have had lean times, as have the large paper manufacturers, La Chappelle-Darblay, in which Paribas has a 50 per cent stake.

M. Bourguignon believes the Socialists have also bitten into the communist vote among workers in the 45 to 68 age groups who previously considered the Communists as the only credible party for a voter wanting to support the Left. He says he was taken aback by the size of crowds coming to shake his hand at the weekly market in Sotteville Les Rouens.

The communists still retain their image of an authoritarian, doctrinal movement apparently unsympathetic to emerging human issues of decentralisation and the environment.

The socialist candidate, a civil servant, an intellectual and a former associate of M. Michel Rocard, one of the leaders of the party's right wing, clearly hopes to see the Communists eventually swallowed up within the Socialists. It is in order to steer well clear of that trap that M. Leroy insists that, whatever the agreement the two parties might come to over a future government, they must preserve their individual identities.

Last obstacle to Iranian-U.S. claims tribunal cleared

BY CHARLES BATCHELOR IN AMSTERDAM

THE FINAL obstacle to hearing claims arising from the occupation of the U.S. embassy in Tehran has been cleared with the naming yesterday of three independent members of the nine-man arbitration tribunal.

The Iranian-U.S. claims tribunal will start work in the Hague later this year, hearing an estimated 1,000-2,000 claims from U.S. citizens and companies for more than $3bn in compensation. The number and value of Iranian claims is not known, but is likely to be much smaller. The tribunal was set up as a result of the "Algiers Declaration" which brought an end to the hostage crisis on January 19.

The claims involved are expected to cover unpaid deliveries, cancelled contracts and loss of property. The Algiers agreement excludes, however, claims by former hostages and U.S. Government claims connected with the embassy compound in Tehran.

The establishment of the tribunal was intended to remove jurisdiction over the claims from courts in the U.S., but this has been challenged by some of the plaintiffs. Under the Algiers agreement, Iran agreed to establish a $1bn fund from which claims would be paid. It promised to top up the fund to a minimum of $500m if it was depleted by claims.

The earliest date at which the tribunal will start its hearings is July 19, but it is unlikely to be ready then and will probably not begin work until October 19. The hearings are expected to take several months, possibly even years, and officials connected with the tribunal have brought their families to the Netherlands.

Meetings will be held in the Peace Palace in the Hague, home of the UN International Court of Justice. The Permanent Court of Arbitration, an international agency representing 74 countries but unconnected with the UN, has placed its facilities at the disposal of the tribunal but will have no direct role.

The tribunal consists of three U.S., three Iranian and three "third party" representatives, whose names were announced yesterday after three weeks of negotiations between the U.S. and Iran.

Judge Gunnar Lagergren of Sweden, a member of the European Court of Human Rights, was named as president. The other two independent members are Judge Niels Mangard, also of Sweden, and Judge Pierre Bellet of France.

Zia seeks assurance of respect from India

By K. K. Sharma in New Delhi

PRESIDENT Zia ul-Haq of Pakistan yesterday asked India to state more clearly its opposition to the presence of Soviet troops in Afghanistan in a gesture of its friendly feelings towards his country.

In an interview in Islamabad, where the two countries' Foreign Ministers have been meeting, President Zia also asked India to follow up with "physical gestures" its assurances that it respects Pakistan's sovereignty and territorial integrity.

The interview was clearly timed to give a push to the historic talks taking place at Foreign Minister level aimed at forging a new relationship between the two rivals.

President Zia offered to forget the troubled history of the two countries which have gone to war three times in the past three decades, and called for an "open-door" policy as a way of restoring good relations.

Rejecting the suggestion that Pakistan would use U.S. arms against India, President Zia said his country had joined the non-aligned movement and wanted to preserve this status.

He said that it should be assumed that Pakistan would not allow itself to be drawn into the U.S. orbit, just as India would not let the purchase of Soviet arms allow it to become a Russian satellite.

President Zia felt that the present round of talks between the two countries had gone well and he hoped it would set the basis for a new relationship. Among his hopes were increased trade, easier travel between India and Pakistan and cultural exchanges.

U.S. mission aims to break Namibia deadlock

BY QUENTIN PEEL IN JOHANNESBURG

PROSPECTS for an early international settlement in the disputed territory of Namibia (South West Africa) are still bleak on the arrival in Cape Town of a new top-level U.S. mission aiming to break the deadlock.

Led by Judge William Clark, the U.S. Deputy Secretary of State and President Ronald Reagan's personal friend and confidant, the mission is expected to see Mr P. W. Botha, the South African Prime Minister, as well as Mr Pik Botha, the Foreign Minister, and General Magnus Malan, the Minister of Defence.

The seniority of the participants underlines the newfound friendship between Pretoria and Washington, but both Western and South African diplomats remain dubious that a formula has yet been found to overcome South African objections to the UN plan for a ceasefire and elections in the territory.

South Africa is pressing for major changes in the Namibia plan—including the downgrading of the UN military involvement to a purely civilian force monitoring the ceasefire and elections, as well as constitutional guarantees for minorities.

The South African Government argues that the UN cannot be regarded as a neutral arbiter in the territory, because of the UN General Assembly's support for the South West Africa People's Organisation (Swapo), fighting a guerrilla war against South African forces there, as the "sole authentic representative" of the Namibian people.

Although the U.S. administration is clearly sympathetic to South Africa's attitude, the four other Western powers involved in the past four years of negotiations for a Namibia settlement argue that the UN plan can only be added to, not subtracted from.

Any suggestion of taking out the UN military component would be rejected flatly by the front-line states of Black Africa, they say.

The Western hope is therefore to find some formula of constitutional guarantees which might be added to the plan, and acceptable to all sides.

It would include guarantees of minority rights, including the 100,000 whites in the 1m population of the territory, a commitment to a multi-Party democracy—and possibly a guarantee that no military bases would be provided to anti-South African guerrilla groups.

Mr. Sam Nujoma, the leader of Swapo, suggested at the weekend that his organisation was not opposed to minority rights, although he warned against the western powers seeking to prescribe a constitution for the territory.

Speaking at the end of a week-long visit to Zimbabwe, he promised that "no African in Namibia will rob a white man of his property. We welcome the settlers to live alongside us in Namibia."

Michael Holman adds from Lusaka: Mr. Richard Luce, Britain's Minister of State with special responsibility for Africa on a three-day visit to Zambia was scheduled to meet President Kenneth Kaunda last night to discuss Western efforts to resolve the Namibian dispute.

The meeting would represent the culmination of sustained efforts to restore relations with Zambia, which reached their nadir over the Zimbabwe issue at the end of 1979.

Attack on Solidarity stepped up

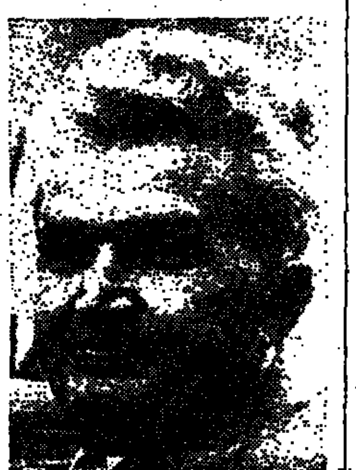
By David Satter in Moscow

THE SOVIET trade union newspaper, Trud, said yesterday that for Solidarity, Poland's independent union, to preserve the right to strike in the face of the country's present crisis was to "aim a pistol" at the interests of the working class.

The paper said that Solidarity was assuming functions which had nothing to do with union activity, but appeared to be trying to aggravate the political situation and dismantle the socialist system.

The union had given itself the right to decide who would help Poland in its present difficulties and showed a tendency to turn first to the capitalist countries.

Trud made no mention of the earlier threat by Solidarity to strike over the authorities' failure to punish those responsible for the police violence in Bydgoszcz



President Ceausescu . . . issued stern warning

last March. However, it attacked Mr Jan Rulewski, a Solidarity leader, one of the victims of that violence, for making a "slanderous" speech in Tokyo in which he complained that the Polish authorities had shown a "dictatorial attitude."

Paul Lendvai writes from Vienna: President Nicolae Ceausescu of Romania, who is an a state visit to Austria, has issued a stern warning against threats of force in international relations. He did not name Poland but Austrian officials in contact with the Romanian delegation said his statement must be regarded as a veiled warning to Moscow not to intervene militarily in Poland.

Speaking after to-day's Cabinet meeting, Chancellor Bruno Kreisky, the Austrian leader, said that Sunday's letter from the Soviet leadership to the Polish central committee recalled a similar situation a few days before the intervention in Czechoslovakia in August 1968. He conceded that spectacular events in the Middle East could divert attention from developments in Poland, thus indirectly helping the Soviet Union. But he did not see a direct parallel to October 1956 when there was a Soviet invasion of Hungary at the same time as a war in the Middle East.

Bonn presses on with nuclear plans

BY ROGER BOYES IN BONN

DWK, the West German nuclear fuel reprocessing concern, said yesterday that it has chosen a site in North Hesse for Germany's first major reprocessing plant.

At the same time, talks between Herr Gerhart Baum, Interior Minister, and Dr. Andreas von Buelow, Research Minister, revealed that there is no technical reason for banning the storage of radioactive waste in salt deposits in Gordleben in Lower Saxony.

These developments are important because there is a statutory requirement under the country's atomic energy acts that a nuclear plant cannot be built without satisfactory provision for the disposal of spent fuel.

Anti-nuclear groups have exploited this clause and sought injunctions against the construction of power stations which have led to lengthy delays in Bonn's nuclear programme.

Bonn's original plan was to cut through this problem by setting up an integrated reprocessing and storage facility at Gerleben, thus solving most of Germany's disposal problems.

However, following nuclear protests, the scheme was scrapped, though the Christian Democratic Government of Lower Saxony made clear that if Gorleben proved geologically suitable it could be used to store waste.

The idea now is to reprocess radioactive waste in Hesse and store it transitionally in Gorleben and perhaps other sites.

But the underlying political problem remains. DWK—which represents the interests of 12 electrical utility companies—made its announcement yesterday specifically because Herr Holger Boerner, Hesse's Premier, is to submit himself to a vote of confidence later this month.

Herr Boerner, who supports the pro-nuclear policy of the Bonn Government, will, in effect, be seeking a mandate from his Social Democratic Party which contains strong anti-nuclear elements.

If he can carry the vote with a convincing majority, his hand will be strengthened in developing the nuclear reprocessing plant.

If all goes well for Herr Boerner, the Hesse Government will decide on the site in October and Bonn could have its much-needed re-processing plant by the late 1980s, providing that ecological groups do not create further delays. The first reaction of one leading anti-nuclear group, BBU, yesterday was that it was going to fight the plan with every possible legal means.

Portugal revises growth rate and deficit forecasts

BY OUR LISBON CORRESPONDENT

THE Portuguese Government has revised its growth rate for 1981 sharply downwards and its payments deficit upwards in a sharp turn-round of earlier optimism. The decision is the result mainly of faulty earlier statistical projections.

Officials disclosed the 1981 deficit is now forecast at $1.7bn, or $500m more than earlier projected and considerably above the 1977 record deficit of $1.5bn.

The reason for the jump appears to lie mainly with misleading estimates of the 1980 performance based on a lack of statistical information. The National Statistics Institute is far behind schedule because of European Community pressures to change working methods to fit the European data system, and has only now produced last year's estimates.

The Finance Ministry has sharply cut the 1981 growth rate from 5 per cent to 2.9 per cent in an effort to control the payments deficit.

In 1980, the economy grew by an estimated 5.6 per cent in real terms, emphasising the return of investor confidence and a correspondingly higher-than-expected rise in imports.

Last year's payments deficit is thus now calculated at $1.3bn, compared with the original estimate of $650m.

Last year was an election year and the Government was careful to plan its budgetary and financial measures to suit its electoral image. Now, with the bills rolling in and some fortuitous statistical miscalculation, the Government must embarrassingly admit to less optimism than it previously showed.

The Finance Ministry, however, stresses that tihs year's deficit, while larger than the 1977 record, is smaller in relation to the gross domestic product, thus modifying the gloom

E. Germany in UK talks

BY LESLIE COLITT IN BERLIN

ONE OF East Germany's most influential officials is to hold talks with Lord Carrington, the British Foreign Secretary, next week, in the first visit to Britain by a member of the ruling Politburo of the East German Communist Party.

Herr Hermann Axen, who was also head of the Foreign Affairs Committee of the East German People's Assembly, is a key foreign policy adviser to Herr Erich Honecker, East Germany's leader. The trip is designed to improve East Germany's relations with Britain, which have been correct but cool.

Herr Axen's influence comes from his position as the Central Committee Secretary in charge of relations with other Communist parties.

Arabs to gather in Baghdad tomorrow

By James Buchan in Beirut

ARAB LEAGUE members, stunned and virtually impotent in the face of Israel's destruction of the Iraqi nuclear research centre on Sunday, will meet in Baghdad tomorrow to discuss the implications of the raid.

The attack has come as a sharp reminder to Arab countries, particularly Saudi Arabia, whose air space the Israeli's apparently used to refuel on Sunday, of their *exposure to Israeli action.*

For Syria, the attack can only harden the determination not to give in to U.S. blandishments over the crisis with Israel that has attended the *installation by Damascus* of anti-aircraft missiles in east Lebanon. Mr Philip Habib, the U.S. envoy mediating in the missile crisis, started his second diplomatic round *in Beirut yesterday.* He is bound to find himself in an extremely difficult position.

Iraq seems likely to turn to tomorrow's meeting of Arab League Foreign Ministers and press for greater Arab support in its nine-month-old war with Iran. Yesterday *the* League condemned the Israeli raid and called on the United Nations to appropriate action *under its* charter. Much of the Arab media reaction to the raid also picked on the U.S. as being partly responsible

Saudi Arabia is in an invidious position. With its inexperienced armed forces, the Kingdom has been obliged—with varying degrees of enthusiasm—to rely on the U.S. as a guarantor of its security against external threat. The Israeli attack on the Iraqi reactor has revealed once again the limits to U.S. control of Israeli actions.

The raid is also bound to raise doubts at high levels in the Saudi Government of the good sense of relying so *heavily on U.S. training and* advice in the build-up of its armed forces.

Although the American-manned Awacs early warning aircraft stationed in Saudi Arabia were operat*ing in* an area too far from the path of the Israeli fighters to spot them, there are bound to be doubts in Saudi circles about the Americans' good faith.

Begin tries to turn toughness into votes

BY DAVID LENNON IN TEL AVIV

ISRAEL'S WEEKEND destruc*tion of the nuclear reactor* near Baghdad and the crisis over Syrian missiles in Lebanon have combined to wipe out virtually any trace of what was once the main issue in this month's *general election—the economy* and three-figure inflation.

The shift has helped to turn Mr Menahem Begin, the Prime Minister, from looking like a sure-fire loser at the beginning of the year, into a man who appears more and more likely to form the next Government, if anyone can.

The outcome of the June 30 election could provide an unparalleled cliff hanger in terms of coalition-forming. With the polls predicting the Likud and Labour parties running neck and neck, the balance of power may rest with a group of small parties, all but one of which could support either main party.

Mr Begin is only too well aware of the electoral importance *of looking like a tough* and daring leader.

Against the barrage of publicity—mostly from Mr. Begin himself—first on the missiles and now on the Baghdad air strike, the opposition has had little leverage. Basically, they agree about the need to remove the Syrian missiles from Lebanon and also approve the destruction of the Iraqi nuclear plant.

The two main parties' campaigns are concentrating on the question of leadership. The Likud is emphasising Mr Begin's qualities, comparing them with the cool public image of Mr Shimon Peres of the Labour Party. Labour, for its part, is emphasising that Mr Begin is unreliable and subject to sharp fluctuations of mood while it has a team of experienced and thoughtful candidates, highly suited to cabinet posts.

At the beginning of last year the opinion polls forecast a *major defeat for the ruling* Likud block. They said it would receive as few as 20 seats in the 120-member Knesset (Parliament), while the forecast for Labour was 60 seats or possibly *more. Today the polls give the* two main parties about 43 seats each.

The reason for the Likud's rise was first a new economic policy which abandoned all pre*tence at trying to cure basic ills* but concentrated instead on making the electorate feel better by holding prices down through subsidies and cuts in purchase taxes.

The boost this gave the Government appeared to breathe new life into Mr Begin, who until then had looked resigned to defeat.

The whiff of electoral challenged galvanised the listless Likud leader into a series of actions and statements over Lebanon, Iraq and West Germany which have left everyone breathless and his traditional supporters cheering him to the rooftops.

At the same time, the Labour Party became over-confident after the earlier predictions. It allowed internal squabbles to spill over into public.

The party is also definitely suffering from Mr Peresas's negative image as a not wholly trustworthy person, a man inclined to trim his sails a little too pragmatically, and a leader lacking in personal charisma.

In the past few weeks the opinion polls have stabilised somewhat, and indeed many people today say they see little *to choose between the two* major parties. People have not totally forgotten the Likud's inept performance on many domestic issues, especially inflation. At the same time, Labour's continued *infighting has failed* to convince the public that it has a fresh and talented leadership.

But it must not be forgotten that 36 parties are fighting the election, although no more than 15 are expected to win seats. Many will be single-seat parties. Five or six should win between five and 10 seats each, and the way these seats go could prove crucial in the coalition bargaining.

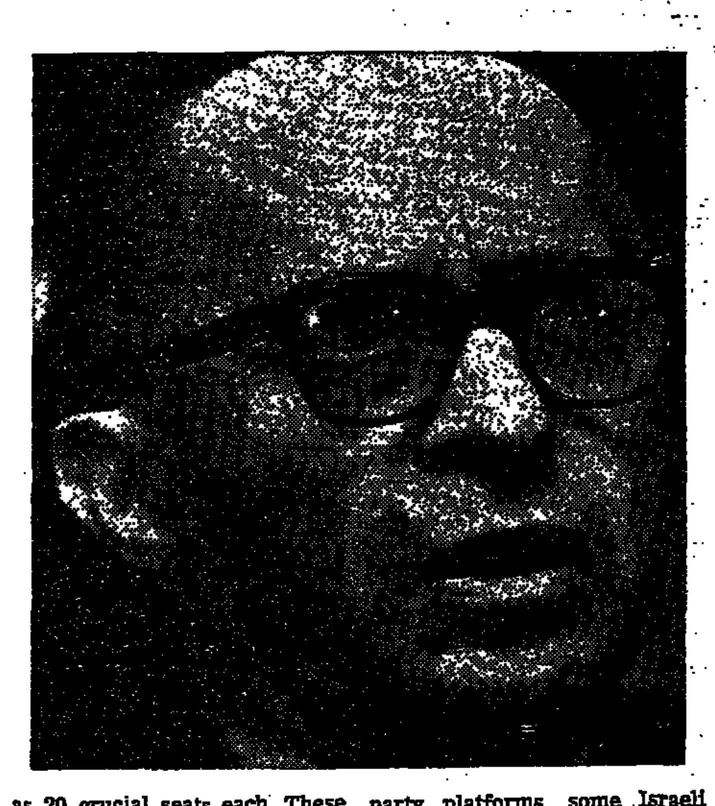
Two parties—on the extreme Right and extreme Left of the political spectrum—are expected to pick up four or five seats each but to remain outside the coalition whether formed by Labour of Likud. These are the Communists and the ultra-nationalist Tehiya of Mrs Geula Cohen.

The two mavericks in the pack of "also rans" are Mr Moshe Dayan, a former foreign and defence Minister, and Mr Aharon Abuhatzira, the religious affairs Minister, who has *broken* away from the National Religious Party after being acquitted recently on charges of taking bribes.

Mr. Dayan, having served with both main parties, may pick up votes *from people dis*gruntled with them both. A current poll suggests he will get four seats.

Mr Abuhatzira is also expected to do well by campaigning on the ethnic issue, claiming he was brought to trial only because he is an oriental (Sephardic) Jew, the largest group in Israeli society, who feel they are second-class citizens in a system dominated by Western Ashkenazi Jews.

Like the National Religious Party, these two men's new parties are likely to win as many



as 20 crucial seats each. These pivotal new Knesset members must be wooed by Likud and Labour if either party is to form a coalition.

But because of the possible difficulty in reconciling these splinter groups to the main party platforms, some Israeli voices, notably that of Mr Ezer Weizman, the former defence *Minister, are suggesting it may* prove virtually impossible to create a stable coalition. Yet another election may have to be called before the year is out.

Iraqi reactor unique in French N-exports

BY DAVID WHITE AND ROBERT MAUTHNER IN PARIS

THE BAGHDAD research centre attacked on Sunday by the Israelis housed the only French nuclear equipment of *any scale currently installed in* the Middle East. The Franco-Iraqi deal, which was signed in 1975 and which involved a subsidiary of the Paris Government's Atomic Energq Commis*sion, was also a* case apart: the Commission has exported no other test reactors of this kind.

Because of the controversy around the deal and the highly enriched uranium fuel needed for the centre, the new Government had been expected to review the agreement, but had made no move in this direction.

Details of France's first sale *of commercial nuclear installa*tions to an Arab country are being worked out with Egypt, which earlier this year signed a co-operation pact including the supply of two French reactors with a total capacity of up to 2,000 Mw. The contract, which will also involve supply of fuel and services, is pegged *to guarantees on peaceful uses.*

A previous contract with Iran was cancelled by Tehran after thet Shah's overthrow. Building work was already in progress on the site for two reactors, ordered from Framatome, the specialised company in which the Government holds a minority stake. Technicatome, the same company that was involved in the Baghdad venture, was also concerned with a research centre in Iran.

The Iraqi deal was from the outset made subject to supervision by the International *Atomic Energy Agency, under* the terms of the Nuclear Non-Proliferation Treaty, which Baghdad has ratified.

The larger of the two test reactors had been due to start operating this year, and an initial batch of 93 per cent uranium had been sent out—reportedly 12 kilogrammes. The *smaller reactor was operated for* a short period last year.

Another "sensitive" aspect concerned laboratories set up under an Italian-Iraqi agreement at the Tammuz site, allowing for, among other things, the extraction of small quantities of plutonium from irradiated fuel.

France is developing a chemical enrichment process which it hopes will enable it to export fuel without running the risk of it being used for military ends.

Five years ago, the Govern*ment put a stop to the export* of nuclear reprocessing plants because of the atomic weapons danger. A previous deal with Pakistan was suspended after the Pakistanis refused French demands for stricter safeguards.

However, the French have placed high hopes on the export both of nuclear fuel and of reac*tors, particularly since the* recent renegotiation of its ties with Westinghouse of the U.S. and the latter's withdrawal from Framatome, the commercial reactor contractor, in which it held 15 per cent. The renegotiation was aimed at securing full French independence in the field.

France's most recent firm deal was a FFr 5.5bn (£500m) contract to supply South Korea with two reactors and enriched fuel. This compensated in part for disappointments in Iran and China. Previous clients for French reactors were Spain, Belgium and South Africa.

France has a large number of nuclear co-operation agreements, with Algeria, Morocco and Tunisia among others. But export hopes are mainly pinned on European countries such as Finland, Portugal, Yugoslavia and Greece.

The French Government has been placed in an embarrassing position by the Israeli raid, *which comes as the new Social*ist Government in Paris was preparing to adopt a more *friedly policy towards Israel.*

Though Paris has categorically condemne dthe raid, in which a French technician was killed, it is still too early to say whether President Francois Mitterrand will allow the incident to change his basically pro-Israel stance.

M. Claude Cheyecon, the Foreign Minister, yesterday called in the Israeli ambassadore to France, Mr. Meir Rosenne, for an explanation of the raid, but the ambassador refused to make any declaration after the meeting.

Fury in Egypt at raid

By Alan Mackie in Cairo

EGYPT'S Foreign Minister, *Gen Tamal Hasan* Ali, yesterday branded Israel's attack on the Iraqi nuclear reactor last Sunday as "unjustified, shameful, and irresponsible."

Addressing the Egyptian People's *Assembly, he said:* "Egypt vehemently condemns and denounces the Israeli aggression which took place only a few days after the Sharm el Sheikh meeting which Egypt agreed to attend, motivated by its continuous quest for regional security and stability."

Pointing out that Egypt had won from Israel a pledge of self-restraint over the Syrian missile crisis at that meeting, Gen Ali said: "Egypt regrets that Israel has arrogantly committed this action," which he *described as "a flagrant act of* aggression which could not be justified or accepted."

Despite the new crisis, a tripartite meeting on the formation of a multinational peace-keeping force to patrol Sinai when Israel withdraws next year, was convened as scheduled in Tel Aviv yesterday. The nature of the attack and its timing have angered officials here for showing up Egypt's impotence to act until the rest of Sinai is returned in April next year.

But while Israel has demonstrated *its willingness to strike* at reactors it feels might threaten its security, the possible implications of the weekend raid for Mid-East nuclear power programmes are being *brushed aside in Cairo.*

Mr Maher Abaza, the Energy Minister, said that the raid would not affect Egypt's nuclear power plant. "This (programme) is purely for power generation," he said. "We have signed the nuclear non-proliferation treaty and we are going to use nuclear power peacefully."

Egypt aims to have eight 1,000 MW nuclear power stations operating by the turn of the century, making it potentially the biggest nuclear power user in the area.

Mr Abaza stressed that it would be many months before Egypt's atomic energy authority starts talking with individual companies.

All quiet—from Beirut to Beiteddine

By James Buchan in Beirut

BEITEDDINE is a quiet place. The early 19th century palace stands perched on a hillside among vines and mulberries near the head of a wooded river valley. A lifetime separates it from the bitter divisions between Moslems and Christians in Beirut and around the town of Zahle in east Lebanon.

Even a Lebanese soldier, ecklessly potting at quails with a rifle from the roof of the palace could not disturb the atmosphere of the two-day meeting of an Arab League committee attempting to mediate in Lebanon's two-months-old crisis.

Hostile notes came from elsewhere. On the first day, an Israeli jet fighter broke the sound barrier over the palace like noisy gatecrashers who cannot get past the bouncers. The second day saw the announcement that Israeli aircraft had destroyed Iraq's nuclear plant outside Baghdad.

This action *has* not *only* immensely complicated the task of the Beiteddine meeting. It has also created a severe setback for Mr Philip Habib, the U.S. special envoy, who is trying to defuse the crisis between Syria and Israel over the installation by Damascus of surface-to-air missiles around Zahle.

A key index of the almost boundless Lebanese confidence is the single open road linking Moslem west and Christian east Beirut. Known as Gallerie Semaan, after a shop that used to sell pictures near what is now the last checkpoint, the crossing was a solid mass of overheating cars early on Monday when there were high hopes that the Beiteddine meeting would secure a real ceasefire.

By late afternoon, when all the world knew of Israel's action, the road was deserted. Shortly afterwards, the radio station *of* the Phalange, the major Christian militia group in west Lebanon, announced that shelling had started again between Syrian troops that make up the *Arab* Deterrent Force and the Christian militia at Zahle.

The Beiteddine meeting was dominated by Israel and its links with the Christian enclave of Major Saad Haddad in the south and more relevantly, with the Phalange. Mr Abdel Halim Khaddam, the Syrian Foreign Minister, *said on* Monday that "getting Israel out of Lebanon" was the pressing issue and no negotiations could be held until this was achieved.

The critical moment appears to *have been a meeting on* Monday evening between Prince Saud Al Feisal, the Saudi Foreign Minister, and Sheikh Sabah Al Ahmed, the Kuwaiti Foreign Minister, with the military leader of the Christian militias, Mr Bachir Gemayel, to seek some sort of assurance for the Syrians and their allies that links with Israel would be terminated.

It is reported that he told the Gulf delegates he needed more time and, above all, guarantees that Syrian troop activities would be reduced.

The result of the Beiteddine meeting has been a disappointment to most Lebanese. Although the final communique announced that all parties had agreed to *respect a ceasefire, there was* no progress over proposals such as turning over Zahle to the Lebanese army or diluting Syrian control of the Arab Deterrent Force.

Beirut was as quiet yesterday as Beiteddine. The underlying tensions, however, remained little changed.

Move to enforce U.S. arms sales laws

BY DAVID BUCHAN IN WASHINGTON

AN ARAB-AMERICAN group yesterday announced plans to revive a law suit seeking to cut off U.S. Government arms sales and military credits to Israel because of the Israeli bombing of the Iraqi nuclear plant near Bagdbad.

The White House has said it will send to Congress "fairly soon," perhaps by the end of this week, a report on whether Israel's use of American-made jets in the bombing raid violated U.S. law that such weapons be used only in legitimate self-defence.

These Government and private moves came against a background of widespread disapproval of the Israeli action. The Reagan Administration issued a statement condemning the bombing, and even the New York Times, which is normally sympathetic to Israel, roundly criticised Israel's actions in an editorial yesterday. It called it "an act of inexcusable and short-sighted aggression."

Mr. Robert Thabit, President of the National Association of Arab-Americans, said yesterday his group planned to revive a suit filed originally in 1978 when Israel intervened with ground troops in Lebanon, but dropped after Israel withdraw.

The suit seeks to force the U.S. Government to comply with its own export control Act. "We are asking only that the U.S. laws be honoured, that they be implemented," a spokesman for the Arab-American Association said yesterday.

The Reagan administration earlier this year had proposed making a larger volume of *cheaper U.S. military sales* credits to Israel, as a balance to the Awacs radar aircraft and extra equipment for F-15 jets which it has also proposed to sell Saudi Arabia.

The possibility of a cut-off in U.S. arms or military credits to Israel must, however, still be considered remote. Senator Alan Cranston, the democratic whip, for instanc, said that it was at last "debatable" that the Israeli action could be considerd self-dfenc.

Saddam Hussein faces military humiliation

BY ROGER MATTHEWS

PRESIDENT SADDAM HUSSEIN of Iraq will have to move swiftly if he is to extract any political benefit from what at first sight may appear to be a military humiliation at the hands of Israel.

Despite nine months of war with Iran and a series of raids over Baghdad which should have brought air defences to a high level of preparedness, Israeli aircraft were able to penetrate close to the capital, hit their target and return to base without any apparent trouble at all.

Sunday's raid can scarcely have added to the political credibility of a leadership which argues that the war with Iran is part of a struggle which will inevitably culminate in the defeat of Israel.

This argument had already begun to wear rather thin *because of Iraq's failure to deal* effectively with the Iranian regime. What had been anticipated last September as a quick, surgical operation has turned into a costly slugging match *and while life in* Baghdad has almost returned to normal, Iraq is still taking regular casualties. Baghdad is exporting less than one third of the oil going out a year ago, has been forced to borrow from other Arab states and has even had to purchase ammunition from Egypt, which it is officially boycotting.

Paradoxically, these difficulties may be at least temporarily *eased by Israel's action.* On this issue the country will be united behind Saddam Hussein since the threat which often seems far removed from Baghdad, has been graphically demonstrated.

It will also improve Iraq's relations within the Arab world and perhaps draw a degree of sympathy from the industrialised nations. With the exception of Jordan, the Gulf *war is scarcely popular with* the Arab countries. The Islamic Conference and the Arab League have both tried unsuccessfully to mediate while the conservative Gulf oil pro*ducers have been fearful that* they would somehow be drawn into the conflict.

President Saddam Hussein has not been able to fill the Arab leadership vacuum left by Egypt when it made its unilateral peace with Israel, but has been pushed slightly to one side. Significantly he was not included in the recently established Gulf Co-operation Council which groups Saudi Arabia, Kuwait, United Arab Emirates, Oman, Qatar and Bahrain.

But the best moment for achieving a greater show of Arab unity has always been in the face of adversity, *especially when the blow* has been deliverd by the one truly common enemy.

President Saddam Hussein could, if he chooses, make the Israeli raid a cause around which all the other Arab League states would feel bound to gather. No one would refuse his invitation, particularly if he could find some way of linking it to an Iraqi reconciliation *with Syria. As a result of the* crisis in Lebanon, the latter has also been able to draw closer to other Arab nations.

The temptation for the Iraqi President will be to respond in *kind to the Israeli attack.* Iraq's response to what it sees as aggression has never been noted for its sophistication and there are a range of Israeli targets it could try to hit without risking direct military action.

Certainly it would be out of character for Baghdad to confine itself purely to a diplomatic response, even though by show-

President Saddam Hussein

ing restraint it might improve its chances of clinching much needed arms contracts with Western countries.

Relations with the U.S., which had begun to thaw slightly, are likely to suffer another setback. Although deeply suspicious of President Ronald Reagan's Middle East intentions, there had been relief in Baghdad at the American decision not to resume arms shipments to Iran.

However, it will prove very difficult to persuade President Saddam Hussein that Washington did not know about the Israeli raid in advance and even more difficult to make him believe in the sincerity of the State Department's protests.

Battle heats up over clean-up costs at Three Mile Island

BY DAVID LASCELLES IN NEW YORK

THE BATTLE over who is to pay for the multi-billion dollar clean-up of the crippled Three Mile Island nuclear plant heated up this week when the plant's owner, General Public Utilities, announced that it would file a $4bn suit for for damages against the federal Government.

The Nuclear Regulatory Commission has just rejected GPU's claim for damages on the grounds that it is a regulatory agency which is not liable for losses suffered by a member of the nuclear power industry due to faulty or inadequate equipment.

The Reagan Administration has also said that it does not intend to bail out GPU, though Mr David Stockman, the White House Budget Director said the federal Government might help the utility clean up the waste on a reimbursable basis.

GPU, which has been brought close to bankruptcy by the accident in March 1979, is seeking damages on the grounds that the regulatory commission failed to tell it about a previous nuclear plant accident by Davis-Besse, Ohio. This, it says, could have helped prevent the Three Mile Island accident.

As at Three Mile Island, a valve stuck at the Ohio plant causing the reactor to overheat. But the plant was only operating at 9 per cent of capacity and was successfully shut down.

GPU also claims that the agency was lax in approving operating procedures for the plant, which was built by Babcock and Wilcox.

Some kind of relief is vital to GPU, which has been living a hand-to-mouth existence with its banks as it grapples with the huge clean-up costs and the expense of having to import power from neighbouring utilities to make up for the loss of generating capacity. Total clean-up and repair costs are put at $1.4bn.

The Pennsylvania Utility Commission has been unsympathetic to its request for higher rates. It ruled that none of the costs of the accident or the clean-up could be passed on to consumers. It did grant the company a small rate increase to cover power replacement costs, and this should keep it going until early next year. The commission also said it would try to help the company in its efforts to borrow more money.

Clean-up work at the plant is moving slowly. Some 700,000 gallons of contaminated water are still inside the reactor containment building, though work on disposing of this could start this summer.

David Buchan in Washington reports on the proposal to cut pensions

Reagan alienates a generation

THE 70-YEAR-OLD Ronald Reagan used to be very popular with Americans his own age. Not any longer. His recent proposal to cut social security pensions, the first significant reduction since the system started in 1935, ruined that.

The Administration suggested a sharp cut in benefits to those who chose to retire before the age of 65 and a general reduction in pensions to those retiring at 65 or later, saying this was the only way to stop the *social security fund going broke* at some time in autumn 1982. That fund has been paying out $10bn more a year than it has been taking in from payroll taxes.

THE U.S. pension system is not alone in facing financial and political difficulties. In Europe, although funding provisions vary as much as benefits, several state social security schemes have come under strain, including those in Italy, West Germany and France, our Foreign Staff writes.

The British system is unique in Europe in that it *combines state flat-rate pensions* with earnings-related pensions provided either by the state or by the employer through a contracted-out scheme. Some people, including Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, also thinks it is in danger of running into problems.

Sir Geoffrey, with one eye on the U.S. problems, said last month that Britain could not afford to increase the real value of pensions while real national income was falling. He warned that the cost *of providing pensions could* become "an unsustainable burden" for the working population.

It tried to sweeten the pill by proposing only a minor one-off cut next year affecting the 36m Americans now drawing monthly pension cheques, and abolition of the limit on how much the elderly can earn without losing retirement benefits. *The penalty on early retirement* and reward for longer careers clearly reflected the ethos of an Administration with a working 70-year-old at its head.

Cabinet officers coupled warnings with threats. Mr. David Stockman, the budget director, made a not-so-subtle reference to the mid-term election, saying if Congress did not act, "the most devastating bankruptcy in history will occur on or about November 3, 1982." Congressmen would become pensioners quicker than they bargained for, he implied.

It all backfired. With all the "grey panther" lobby groups behind it, the Senate even went on record as unanimously opposed to the Reagan plan. The White House immediately recognised the fiasco for what it was — its first major political blunder in office — and promised Capitol Hill that every point of the reform was "negotiable."

But the Administration needs some big social security cuts to straighten out its budget books. It originally promised to leave social security out of spending cuts. However, in recent weeks it has come to realise that leaving intact a sector which accounts for 23 per cent of the federal budget is a luxury it cannot afford, if it also wants big tax cuts and defence spending increases.

There was thus plenty of truth in the critics' charge that the Administration was exploiting imminent insolvency of the social security system to its own ends. They argue that the planned cuts of $9bn in 1981-1982, rising to $24bn in 1985-86, were "overkill," just to put the pension scheme back on a sound footing.

But despite Mr Reagan's short-term political need, he deserves some credit for tackling the long-term problems which have been building up in the pension system.

The social security system had relatively small beginnings in 1935, when the retirement fund was set up. But politicians on Capitol Hill have steadily expanded it, adding a disability fund in the 1950s and a hospital care fund in the 1960s, and then in 1972 indexing all benefits to consumer price rises. It has been an immensely popular programme, and only a handful of legislators have ever voted against expanding it.

However, more and more Americans have come to depend on it to ease their retirement, although well over a quarter of the population draw private pensions from union or company schemes, while others supplement social security pensions—which today average $374 a month for a single person and $640 for a couple—with their own savings.

However, just as social security benefits have grown with indexation, so the means to finance them has declined as the birth rate has fallen. In a classic bind affecting all industrial countries, fewer workers are now paying payroll taxes for every older person drawing a pension.

The obvious option of raising the social security payroll levy is highly unpalatable. It has been raised steadily in recent years and is now 6.65 per cent of earnings and 8.1 per cent for the self-employed (because they draw no extra employers contribution into the fund).

Many Americans now pay more in social security than they do in income-tax, which of course Mr Reagan proposes to cut again.

Glyn Genin

A third option of financing pensions out of general federal revenues is equal anathema to many politicians. They believe that linking pensions payments to direct payroll tax proceeds not only has a clean logic to it, but also imposes a corset of discipline on the system.

Thus, dipping into general revenue to pay pensions, as many countries do, including Britain, is considered downright immoral by some, and in fact was never proposed by the Reagan Administration.

However, it is impossible that some agreement might be reached whereby the depleted retirement fund could draw on is sisters in the social security system, the disability and medical funds, which are fairly flush for the foreseeable future. What is clear is that the problem will not go away—no matter how clumsily Mr. Reagan raised it last month.

Argentina, Chile swap prisoners

By Mary Helen Spooner in Santiago

CHILE AND Argentina have released 13 civilians arrested in the two countries on spying charges. The move appears to be a first step towards normalisation of relations following the closure of the 2,600-mile shared border about two months ago.

The two countries are entangled in a long-standing territorial dispute over possession of three barren islands at the opening of the Beagle Channel, south of Tierra del Fuego. For the past three years officials on either side of the border have arrested dozens of the other's nationals.

In April President Augusto Pinochet's Government announced the detention of two Argentinian army officers accused of photographing military objectives in the town of Los Andes, north of Santiago. Argentina's military Government led by Gen Roberto Viola demanded the officers' release and closed the border when the Cilean authorities refused.

Five Argentinians now freed by Chile do not include the two military officers. All five are civilians. Argentina has released eight Chilean civilians

The released prisoners have been handed over to the Apostolic Nuncios in Buenos Aires and Santiago.

Salvador offensive

In a drive against left-wing guerrillas near the El Salvador mountain town of San Vicente, west of the capital, Government troops have killed 150 and have destroyed nine of their camps in five days of heavy fighting, AP reports from San Salvador. A senior army official said Government losses were four dead and 18 wounded.

Australian plea to U.S. court

By Colin Chapman in Sydney and *Paul Cheeseright in London*

AUSTRALIA this week plans to intervene directly in a U.S. court case in an effort to establish that U.S. law does not apply to the behaviour of U.S. companies overseas.

It will submit a brief to the District Court in Pittsburgh arguing that the court has no jurisdiction in a case brought by the Conservation Council of Western Australia against Alcoa and Reynolds Metals.

The conservation council is seeking to prevent the U.S. companies, involved in the Worsley alumina project, from bauxite mining in a forested area of the state which provides much of Perth's water supply.

Canberra's intervention, coordinated with the Western Australian state government, is an expression of long-standing concern about claims by U.S. courts and official agencies to regulate the affairs of American companies outside the U.S.

It follows a series of disputes with the U.S. Government on the issue. The most notable of these has been the attempt to draw Australian companies into Westinghouse Electric's anti-trust action against an international uranium cartel and the Justice Department's investigation of the liner conferences operating between Australia, New Zealand and the U.S.

The Australian Government now foresees a threat from the U.S. courts to its internal development policies if the conservation council action is successful.

Canberra has already sent a diplomatic Note to Washington seeking U.S. Government intervention in the Pittsburgh case on the grounds that relations between the two countries could be affected. Western Australia's Parliament has condemned the use of foreign courts *to interfere* in the affairs of the state.

Japan-U.S. defence talks in Hawaii

BY OUR FOREIGN STAFF

U.S. PRESSURE on *Japan to* increase its defence spending after more than 30 years of pacificism reaches a new stage today when experts and policymakers from both sides meet in Hawaii for consultations.

Th discussions will cover the highly sensitive issues of:

- The psychological block among Japanese to militarise after their defeat in the Second World War.
- Resentment of many Americans that Japan's war-renouncing constitution has enabled it to concentrate its energies on expanding economic might abroad.
- Japan's budgetary constraints brought on by a crisis in national finances.

One aspect that will cheer the American team is that Japanese attitudes towards defence have started to change. Military subjects that were once taboo are now widely debated, although recent events, especially a revived controversy over whether U.S. warships carry nuclear weapons into Japanese ports, shows that sensitivity is still high.

U.S. officials have long been annoyed at how little Japan spends on defence (about $75 per capita compared with more than $600 in the U.S.). But Japan's plans to build up its defence capability have run into serious budgetary blocks. This is partly due to the Government policy of limiting defence spending to less than 1 per cent of gross national product. Japan has increased defence spending in real terms in recent years but this effort has been criticised by the U.S. as insufficient.

Discussion about why Japan should spend more was sparked by two main factors. The first involves doubt over the U.S.'s ability to carry out a global defence role, including the protection of Japan with the nuclear "umbrella."

The second factor is that the Soviet Union has built up its presence in the Far East, including the stationing of a Soviet division on Shikotan, one of the four Soviet-held islands north of Hokkaido which the Japanese lay claim to.

A more realistic view of the need for comprehensive security is emerging in Japan. A report to the Government last year blasted efforts made so far.

Japan's ramshackle Self Defence Forces are short of new equipment, lack a central command and can muster only 155,000 troops, well below the authorised strength of 180,000. In short, Japan could probably not hold out in an emergency until help came from the U.S.

Why Europe will get little, Page 19

Energy Review: Co-operation strategy

By Ray Dafter, Energy Editor

Plan to head off another oil crisis

TWO DISTINCT schools of thought have recently emerged in the debate about future energy prices.

On the one hand there are those who believe that there has been a fundamental structural change in the energy patterns of industrialised countries as a result of the price rises over the past eight years—*in particular in 1979 and 1980.* They dare to predict that oil—in the recent past the pricing trend setter for all fuels—is unlikely to become much more expensive in real terms than at present.

The alternative view is much more stark. Its proponents believe that the present oversupply of crude oil has brought only temporary relief from price increases. On this basis the UK Energy Department is still working on the assumption that real oil prices could double over the next 20 years.

Conveniently, both sides were represented at a Financial Times energy conference held in London last week. Among the optimists was Mr. John *Litchblau, executive director of* the Petroleum Industry Research Foundation in New York, who argued that the 1978 peak for oil demand in the West might very well remain unsurpassed throughout the 1980s.

Energy conservation and a growing movement to substitute other fuels for oil were taking the pressure off the oil market. "The momentum for change now appears to be gathering speed. Further price increases would inevitably accelerate it even more," he said.

Surprisingly, perhaps, Mr. Lichtblau seemed to draw support for his views from Dr. Mana Saeed Al-Otaiba, the *United Arab Emirates' Minister* of Petroleum and Mineral Resources who said that oil prices were close to a "reasonable" level and the Organisation of Petroleum Exporting Countries should "take it easy from now on."

Firmly siding with the pessimists was Dr. James Schlesinger, former U.S. Secretary of both Defence and Energy *and now senior adviser* at Georgetown University's Centre for Strategic and International Studies. Criticising the complacency now being aroused by the soft oil market and falling prices, Dr. Schlesinger said the stage was now set for "another shock, another panic, another frenzy of activity, another economic downturn, another surplus."

Bleaker prospects than before

The prospects for future oil supplies, he said, were far bleaker than they were five years ago. Oil would be even less readily available than forecast a few years ago. "We are likely to experience another crunch in the middle of the decade unless we work more vigorously on corrective measures," Dr. Schelsinger warned.

As the 1970s have demonstrated, a "crunch" is most likely to arise from some political or military upheaval in one of the major oil exporting countries. In this context the Israeli attack on the Iraqi nuclear plant is the sort of event that makes the heart of the oil business miss a beat. The essential difference between the pricing optimists and pessimists is the degree to which a significant supply interruption *would affect leading importing* nations: and this remains unpredictable.

Both camps would probably agree with the view being strongly canvassed by the Italian state energy group, Ente Nazionale Idrocarburi (ENI) and its Agip oil subsidiary that greater co-operative effort between oil producers and consumers could help to lessen *the risk of major supply* interruptions.

As Dr Marcello Colitti, vice-president of Agip, commented at a seminar in Rome in April: "We are now at a crossroads and have to develop co-operation based on interdependence between consumers and producers. Confrontation is surely the best way drastically to increase uncertainty and the risk of sudden crises."

It is hardly a novel sentiment but it is backed up with impressive statistical evidence which demonstrates that co-operation is in the interests of both exporters and importers.

ENI has recently completed a study of the economies of Arab producers in the Middle East *and North Africa (members of* the Organisation of Arab Petroleum Exporting Countries—OAPEC) and leading members of the Organisation for Economic Co-operation and Development (OECD). It has looked at the interdependence of the two areas, their development strategies and their economic impact on other parts of the world.

The evidence is contained in a three-volume report, more than four inches thick, which is claimed by ENI to be the first comprehensive quantitative assessment of the strategies of oil exporters and the correlative policies of the industrialised countries.

The results are summarised *in the accompanying tables.* They demonstrate quite clearly that the economies of both producers and consumers could benefit more from co-operative policies.

The future importance of OPEC and OAPEC as suppliers of oil will depend largely on the prices they charge and on the overall rate and level of development of the world economy.

ENI argues that the erratic and dramatic price increases which characterised OPEC's acivities in the 1970s cannot be continued into he 1980s if both the organisation's members and OECD countries are to prosper.

The reasoning is thus:

● Each oil crisis is followed by a world recession with a consequent fall in fuel demand. Imports into the West of OPEC crude are further hit by the consumers' drive to conserve energy and to switch to less risky energy forms—domestically produced oil and gas, coal, synthetic fuels and nuclear power.

● OPEC members are then faced with the dilemma of falling *demand, imported inflation,* an uncertain level of oil revenues, and harmful interruptions in their development programmes.

Export curtailment policy urged

ENI says that oil exporters could follow another single-minded course, one aimed at forestalling a decline in real oil revenues during periods of world economic depression. This could be achieved through the successive curtailment of exports so as to keep the pressure on prices.

However, ENI's study suggests *that in the long term this* would not be a viable option. For instance, the growth rate of the Saudi Arabian economy would not exceed 2.5 per cent during the 1980-1990 decade and after 1990 its leadership and capacity to control the market would be impared. The kingdom's exported share of total world consumption would decline from the present level of around 20 per cent to just 10 per cent.

But even the most likely course, a continuation of the current strategies of flexible supply, has all the ingredients for a further decline in world economic conditions with few, if any, advantages being offered to the oil exporters.

Under this "non-co-operative" scenario the economic growth rate of OAPEC members would average only 3.8 per cent a year Selected leading members of the OECD—the U.S., Japan, West Germany, France, Italy and the UK—would see their growth rates pegged to an annual average of 2.3 per cent.

With oil prices rising at very variable rates, averaging 4.4 per cent a year in real terms, *the industrialised countries'* demand for OAPEC crude during the 1980s would decline by an average of 1.6 per cent annually.

These projections are in sharp contrast to the hypothesised results of a co-operative strategy between the oil exporters and OECD countries. Here oil prices were assumed to rise by a steady 3 per cent annually *in* real terms (probably a higher rate than OPEC will seek under its Long Term Strategy proposals). ENI says that for OAPEC the slower increase in the price of oil would be off-set by a more rapid growth of oil and gas revenues which would arise from increased volumes of exports.

The economies of exporters and importers would benefit accordingly. The annual growth rate of OAPEC's total Gross Domestic Product would be 6.2 per cent, and 9.0 per cent in the non-oil sectors.

The average growth rate of the OECD group would be 3.3 per cent providing brighter prosepcts for international trade as well as improved opportunities for the development of the rest of the world. Significantly, exports of the industrialised countries to OAPEC were expected to rise by 12.6 per cent annually as against 7.6 per cent under the alternative assumptions.

The co-operative strategy which promises such appealing economic results would necessitate an acceptance by exporters and importers alike that crude oil prices will rise in a stable *trajectory.* After the events of the 1970s this should not be a bitter pill to swallow.

On a broader front there would need to be an acceptance on the part of the developed world that oil producers will have a bigger role to play in processing their hydrocarbons and in manufacturing goods like chemicals for export to the West.

ENI believes that this new trading pattern—already beginning to develop—could itself help to stabilise oil prices and economic growth. "One cannot operate in the product market without accepting a far higher degree of commercial risk than in the crude oil market," said Dr. Colitti.

The West, he said, should be prepared to provide technical and managerial help. A co-operative approach should lead to more partnerships which would, in turn, open up marketing opportunities for the oil *producers.*

ALTERNATIVE VIEWS OF ECONOMIC CONDITIONS WITHIN THE MAIN OIL PRODUCING AND CONSUMING REGIONS

	WITH CO-OPERATION 1980/90 annual growth rates	WITHOUT CO OPERATION 1980/90 annual growth rates
OAPEC GDP	6.2	3.8
OAPEC non-oil GDP	9.0	6.5
OECD GDP*	3.3	2.3
OAPEC investment	10.3	6.5
OECD investment	4.9	3.3
OAPEC employment	3.5	2.5
OECD employment*	1.6	1.0
Oil price‡ ...	11.1	12.7
Relative oil price§	3.0	4.4
OAPEC imports	10.0	7.0
of which from OECD*	12.6	7.6
OAPEC exports	2.5	0.3
of which hydrocarbons	2.0	−0.8
of which hydrocarbons to OECD	1.6	−1.6
Intra OECD trade	4.1	3.0
World trade†	4.9	3.2

Notes: * U.S., Japan, W. Germany, France, Italy and the UK. † Net of internal trade of non-OECD areas. ‡ Unit value ($ per barrel) of Saudi oil. § Oil price index deflated by OAPEC import price index (base year 1980 = 100).

Source: ENI

IMPACT OF CO-OPERATION BETWEEN MAIN MIDDLE EAST OIL PRODUCERS AND THE MAIN ENERGY USERS

	WITH CO-OPERATION 1980	1985	1990	WITHOUT CO-OPERATION 1980	1985	1990
OAPEC current account balance ($bn)	106.3	81.2	61.3	106.3	124.8	169.1
OECD* current account balance ($bn)	−88.6	46.0	176.2	−88.6	23.2	52.9
OAPEC oil production (m b/d)	21.0	23.7	28.6	21.0	19.2	21.5
OAPEC oil exports (m b/d)	19.8	21.4	24.2	19.8	17.3	18.3
Average oil price (1980 $/barrel)	31.2	55.6	89.6	31.2	65.0	103.5

** U.S., Japan, W. Germany, France, Italy, UK.*

Source: ENI

Russia, Mexico to expand economic ties

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION and Mexico have agreed to work to expand their economic ties and may seek to implement a four-way oil shipping agreement which would represent a considerable saving for both countries and their clients.

The Mexican Institute of Foreign Trade and the Soviet Chamber of Commerce and Industry have agreed on a "working programme" to remedy what Mexican officials described as the "low and erratic" level of trade

In a symbolic first contract for the delivery of Mexican manufactured goods, the Soviet Union and Mexico agreed on a deal worth approximately $600,000 for the delivery to the Soviet Union of 70,000 pairs of Mexican blue jeans.

Mexican officials said that the deal could lead to a much larger contract for blue jeans next year.

The working programme agreed during the visit of the Mexican delegation calls for trade seminars and bilateral contacts, and there was discussion during the meeting of possible trade in oil production equipment, which has been made in Mexico

The Soviet Union has been interested for some time in working out a four-way transfer for oil which would involve Mexico making deliveries to Cuba in return for Soviet oil deliveries to such Mexican customers as Yugoslavia and Spain.

This proposal was raised during the visit to Moscow last month of Sr Diaz Serano, the then director general of Petroleos Mexicanos (Pemex), and the Mexican side was reported to be considering the proposal carefully, evaluating prices, oil and quality and means of sharing the transport savings.

Soviet trade with Mexico has been lower than that of the Soviet Union with most Latin American countries, reaching only Roubles 13.8m (£9.1m) last year.

This, however, was a sharp increase from the level in 1979 which was Roubles 4.8m.

Sr Jorge Castaneda, the Mexican Foreign Minister, visited Moscow in May, and during his stay Soviet and Mexican officials signed a three-year contract for the export of Mexican sulphur to the Soviet Union.

Moscow in N-plant study with Finland

By Our Moscow Correspondent

IMATRAN UOIMA, the Finnish state electrical concern, has signed an agreement with Atomenergoexport, the Soviet foreign trade organisation, to study co-operation in development of a 1,000 Mw nuclear power plant, which could be the largest in Finland.

There have been no commercial negotiations connected with the proposed project, and the Finns are also reported to be studying a French proposal.

The Soviet Union has, however, already been involved extensively in co-operation with Finland in the field of nuclear energy, and power stations built with Soviet assistance presently supply 13 per cent of the electricity consumed in the country.

If the Soviet Union and Finland co-operate in development of a 1,000 Mw nuclear power plant for Finland, it was expected that many components would be of Finnish manufacture as was the case with the Lovisa-1 and Lovisa-2 440 Mw power plants

The operation of the Lovisa-2 plant was delayed when cracks developed in the stainless steel coating for the pressure vessel

Rhys David reports on a £200,000 textiles extravaganza organised by a Scottish group

Fabrics are given star treatment in Munich

OPERA STARS Montserrat Caballe, Agnes Baltsa, Boris Christoff and Jose Carreras found themselves last month promoting, at least indirectly, British wool textiles, as guest artistes at an export extravaganza which even the festively-inclined city of Munich is unlikely to forget.

But for doubts about the stage at the 18th century Schleissheim Palace, Rudolf Nureyev would also have appeared in a ballet on the life of King Ludwig of Bavaria, conceived by John Packer, managing director of Reid and Taylor, the Scottish fabrics group behind the event.

As it was, Princess Margaret and Sir John Lang Taylor, British ambassador to Germany, with 400 other guests, were there for a banquet which preceded the showing of Reid and Taylor fabrics in garments created by a selection of Britain's best-known fashion designers.

So, too, were the band, pipes and drums of the Royal Scots Dragoon Guards to entertain the gathering with beating to quarters on the terrace outside, and the Tolzer Boys' Choir to sing Mozart and Strauss in the champagne interval.

Reid and Taylor is likely to be known only, if at all, in Britain for the "earpiece" advertisements it places next to titles of the quality newspapers promoting "the world's most expensive twist suiting cloth."

The company, which has annual sales of around £3m—more than 90 per cent in overseas markets—has, however,

❛ The British public could not care less whether their garments are made in Korea or in heaven as long as they are the cheapest they can get ❜—Clothing chief

probably come closer than any other British company, under the extrovert Mr Packer, into turning exporting into an art form.

Munich follows similar exercises in Venice, Leeds Castle in Kent, Ban Neuenahr near Cologne and Gleneagles, and cost £200,000 and nearly 20 months of prepartion by Packer and two hard-working secretaries at the company's Langholm Mill in the Scottish borders.

So legendary have the events become, however, that Mr Packer was able to recoup more than half the expense from sponsors and from companies wishing to share in the publicity and glamour generated.

International clothiers taking part included Daks-Simpson and Chester Barrie from Britain, Baumler, Konen and Muermann from West Germany, Mayfair of Holland and Fletcher Jones of Australia.

Accessories such as shoes, coats and ties were supplied by seven member companies of the British Menswear Guild, and by independent suppliers, with jewellery and fur (for the accompanying women's fashions) being provided by Asprey and London Label Furs, and perfumes by Floris.

Financial support also came from the International Wool Secretariat, with liquid sustenance care of J and B Scotch Whisky and Moet and Chandon.

The shows are seen by Mr Packer — a Yorkshire-born adopted Scotsman, who hosted the evening in a Royal Stuart tartan kilt complete with jacket antique lace and other accoutrements that would not have disgraced Bonnie Prince Charlie—as a way of cementing the company's relations with its leading clothing and tailoring outlets, many of which paid to bring guests to the event.

A number of those present have already written, Mr Packer points out, to say that the event—which will have accounted for most of the company's promotional expenditure for at least two years—has imprinted the Reid and Taylor name indelibly on their minds.

The choice of Germany for a second time is again not without significance. The quality image of British clothing remains strong in Germany, and the Germans evidently take as much delight in British, and in particular Scottish, ceremonial, as Americans used to.

The Germans, moreover, account for at least half of Reid and Taylor's exports, followed some way behind by Belgium, where the company's biggest merchant customer, Scabal, is based.

Mr Packer's main worry for some years has been the UK, where he regards clothing taste as overwhelmingly Philistine. "The British public could not care less whether their garments are made in Korea or in heaven as long as they are the cheapest they can get," he claims.

The risks of being over-dependent on exports have predictably been felt by Reid and Taylor in the last year with even its well-heeled customers baulking at the price increases caused by the rise in sterling's value against continental currencies.

The company, which has sailed through the crises which have recurred elsewhere in wool textiles over the past 20 years, was forced earlier this year to cut its tariff by 30 to about 150.

The surprise of this has led Reid and Taylor—a subsidiary, but a highly autonomous one, of the Huddersfield-based Allied Textile Companies—to think more seriously about exploiting other possible quality outlets for its cloth.

A move is also being made into womenswear, though here, because of the greater importance of fashion change, it is difficult to find clients prepared to pay the cost of as much as £15 a metre for Reid and Taylor cloths.

As in menswear, the aim will be to mix quality and style and create in the process timeless fashion. Mostly successful people who have made their mark, Reid and Taylor's customers do not want to look trendy, Mr Packer observes. "To quote Lady Astor, we try not to frighten the horses."

Cathay objects to Laker trans-Pacific application

BY ADRIAN BOYEN IN HONG KONG

CATHAY PACIFIC AIRWAYS has objected strenuously to an application by Laker Airways to operate a trans-Pacific service via Tokyo and has also criticised the British Government for sacrificing Hong Kong in past negotiations for airline routes.

Mr Michael Miles, Cathay's managing director, said his airline stands to lose HK$420m (£38m) if Laker is allowed to fly to Tokyo.

He was speaking at the first day of a hearing by Hong Kong Air Transport and Licensing Authority into applications for the route from Hong Kong to North America.

He said that Cathay, Hong Kong's flag carrier, would have no objection to Laker buying a route via Hawaii to San Francisco and Los Angeles, but a Tokyo stop would upset a finely-balanced traffic agreement and bite into the traffic rights that Cathay has secured on the route.

He declined to give details of his argument after a session in camera because a bilateral agreement between Japan and the UK is involved.

However, counsel for Laker, said that the Tokyo link would be vital to Laker's proposed service and noted that continental airlines and Braniff International withdrew its trans-Pacific services because they did not have Tokyo rights.

Mr Miles said that Cathay is unhappy about relying on the UK Government to secure Hong Kong-Japan traffic rights because, he claimed, it gives overwhelming priority to UK interests at the expense of Hong Kong.

He cited an agreement that allowed Lufthansa to make six flights a week between Frankfurt and Hong Kong while Cathay was allowed none.

Fokker to sell 11 F-28s in deals worth £41m

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aircraft maker, announced the sale of 11 F-28 Fellowship jets for about Fl 220m (£41m) and the signing of options on a further eight.

Altair Airlines of Pennsylvania has exercised options on four of the Rolls-Royce powered F-28 Mark 4000 aircraft seating 85 passengers and taken up another four options. Delivery, in 1982, of the four aircraft which have now been definitely sold will make Altair the largest U.S. operator of F-28s with a fleet of 10.

Empire Airlines of New York has also ordered four F-28 Mark 4000 aircraft for 1982 delivery and taken options on a further four. Fokker also announced it had sold three F-28s to undisclosed customers.

These contracts bring sales of the F-28 to 182 aircraft, sold to 46 operators in 31 countries. Fokker does not release details of the value of individual orders but the basic price for the F-28 is about Fl 20m.

BAe wins £11m Swedish order for missiles

BY OUR WORLD TRADE STAFF

BRITISH AEROSPACE has won a contract worth £11m to supply missiles to the Swedish air force.

The contract is for the Sky Flash air-to-air missiles, already in service with the Royal Air Force, British Aerospace said yesterday.

Their dynamics group will handle the order. Major subcontractors include Marconi Space and Defence Systems, and EMI Electronics.

● BAe yesterday announced at the Paris Air Show sales of three more HS-748 series 2B airliners to U.S. and African operators worth more than $20m (£10m).

Cascade Airways of Washington state, has placed a contract with British Aerospace for two 748 series 2B aircraft with an option on two more.

Cascade Airways becomes the third U.S. airline to announce the purchase of the intercity 748 in recent months, while the sale to an undisclosed African operator continues the successful penetration of the African market.

ICL selling £3m of machines and software

BY OUR WORLD TRADE STAFF

ICL, the troubled computer group is selling through its Australian subsidiary £3m worth of machines and software to Colonial Mutual Life Assurance.

Colonial Mutual is to set up an Australian network of ICL systems and will also instal ICL equipment in New Zealand.

The equipment will replace Burroughs equipment which is nearly ten years old and is part of a plan to develop a new range of computer systems using modern software technology.

●Wimpey Alawi LLC has won a £2.5m construction contract to provide additional finishing works and ancillary buildings for the Directorate of the Royal Oman Police. It is also to construct temporary graded roads, in a deal worth £300,000, for Gulf Oman Petroleum.

● GEC Electrical Projects is providing Daewoo Shipbuilding and Heavy Machinery with an electrical power system worth £2.75m for installation in a drilling vessel under construction for Atlantic Drilling (Ben Line).

● Hestair Dennis is selling £1.45m worth of fire-fighting equipment to the Hong Kong Fire Service Department.

● Gallenkamp, part of the Fisons group, has won a £1.4m contract to supply laboratory and general equipment for the Al Ain Central Agricultural Analytical Centre set up in Abu Dhabi

● George Brown, the Greenock shipbuilders, is providing Mexico with two advance design tug-buoytenders and will service navigation buoys on the Mexican Gulf and Pacific coasts under the terms of a contract worth £1m.

Government borrowing raised by strike

By Peter Riddell, Economics Correspondent

BORROWING by central government was £5.24bn in the first two months of the 1981-82 financial year. But between £2¼bn and £2½bn reflected the hold-up of receipts of tax and national insurance contributions caused by the Civil Service dispute.

Treasury figures published yesterday show that the central Government borrowed £2.83bn in May, roughly £1¾bn after allowing for the impact of the dispute. This compares with £2.35bn in May, 1980.

After taking account of tax receipts held up when the dispute started in March, the cumulative total of delayed revenue up to the end of May is about £3bn to £3½bn. This is less than estimated by the Civil Service unions and by some City analysts.

The dispute makes it extremely difficult to assess the underlying trend of borrowing. Officials concede that estimates of the gap between forecast and actual revenue become more unreliable the longer the dispute continues.

It appears, however, that as in previous years there is some front-end loading to the pattern of borrowing. This is likely to be higher in the first half of 1981-82 than in the second half, partly because of the timing of the new North Sea oil tax which cannot be collected until after the Finance Bill is approved by Parliament. The pattern also reflects the phasing of petroleum revenue tax.

The figures show that for the two months of April and May Consolidated Fund revenue, the bulk of central Government receipts, was £888m less than in the same period of 1980, a fall of 10 per cent.

Investment overseas sets record

BY DAVID MARSH

BRITISH BANKS and financial institutions stepped up overseas investment to record levels in the first quarter of the year. They channelled abroad most of the large current-account surplus achieved by the UK in the three months, according to Government figures published yesterday.

The Central Statistical Office reported that identified net capital outflows, mainly bank lending abroad and overseas portfolio investment, rose to £2.58bn in the first quarter, the largest ever, from £630m in the previous three months.

This compared with a strong current account surplus which almost certainly exceeded £2bn in the first three months—almost the highest ever. This was due to a high visible trade surplus in January and February and a large invisible trade surplus estimated at £1bn in the quarter, which itself reflected further instalments of refunds from the EEC.

The figures for the current account are incomplete because the civil servants' dispute has prevented publication since February of the visible trade figures.

Since Britain's official reserves rose slightly in the first three months, overall capital outflows, including unidentified transactions, or the "balancing item," must have been slightly less than the current account surplus.

The main components of the large capital outflows of the first quarter were:

● Portfolio investment on overseas securities markets rose to £1.15bn, compared with £1.13bn in the fourth quarter last year. This took total portfolio investment in the past five quarters to more than £4bn.

The surge of buying interest has reflected mainly the desire of insurance companies, pension funds and other large institutions to build up overseas portfolios following abolition of exchange controls in October 1979.

● UK banks lent a net total of about £900m in sterling to non-residents, about the same as in the fourth quarter. Gross lending was even larger at £1.2bn, most of it to other banks.

● Foreign currency transactions by UK banks with overseas residents resulted in a net outflow of £580m after an inflow of £400m in the previous quarter. This partly reflected banks' loans to foreign borrowers using the big foreign currency deposits built up in the UK by British residents.

Bank lending abroad was partly offset by a net inflow of £500m in foreigners' holdings of sterling bank deposits.

Of this, £200m reflected increases in bank deposits by central banks and other official institutions. Official holdings of gilt-edged stocks fell £100m in the quarter, however.

BALANCE OF PAYMENTS (£m)

	1979	1980	1980 3rd qtr.	1980 4th qtr.	1981 1st qtr.
			Seasonally adjusted		
Visible trade (balance)	−3,497	+1,177	+ 616	+1,269	...
Invisibles (balance):					
Services	+3,510	+3,725	+ 855	+ 971	+1,035
Interest, profits and dividends	+ 868	− 32	+ 8	− 13	+ 41
Transfers	−2,306	−2,107	− 593	− 330	− 125
Total	+2,072	+1,586	+ 270	+ 628	+ 951
Current balance	−1,425	+2,763	+ 886	+1,897	...
			Not seasonally adjusted		
Current balance	−1,425	+2,763	+1,172	+2,201	...
Investment and other capital transactions	+1,488	− 829	− 242	− 632	−2,584
Allocation of SDRs	+ 195	+ 180	—	—	+ 158
Official financing:					
Official reserves (drawings on +, additions to −)	−1,059	− 291	+ 223	+ 83	− 319
Other official financing	− 846	−1,081	− 502	− 241	—
Balance item	+1,647	− 742	− 651	−1,411	...

... indicates "not available."

Source: Central Statistical Office

King Khaled of Saudi Arabia is welcomed by the Queen in London yesterday after arriving for a three-day state visit. Tight security measures were taken after a Middle-East report claimed that a Palestinian assissination squad was in London.

Biffen rejects action on Japanese trade

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE CONFEDERATION of British Industry has failed to push the Government into tougher action against rising Japanese imports.

But the Government has agreed to intercede at EEC level if industry agreements with Japan for voluntary Japanese sales restraint on the British market break down.

Sir Raymond Pennock, CBI president, led a delegation to meet Mr. John Biffen, the Trade Secretary, for talks in London yesterday on trade relations with Japan.

The focus of their talks was CBI's demand last month for action to cut the growing British trade deficit with Japan. The CBI wants Japan to agree in four years to cover at least 60 per cent of its exports to the U.K. by purchases from the UK.

The Government apparently told the CBI such targets were not practical, although Mr Biffen agreed that opening up the Japanese market to more Brititsh goods would help in the longer term to reduce the trade imbalance.

The UK trade deficit with Japan this year is expected to reach £1.4bn. Japanese sales in the first months of the year were running 30 per cent higher than in January and February last year. The 1980 trade deficit was £1.1bn.

The Government is maintaining its policy that the best way to cut the flow of Japanese goods into Britain is by voluntary restraint agreements

Mr Biffen said because the UK's trade relations are handled by the EEC there is no national legislative authority to back these arrangements.

"If voluntary restraint arrangements do not prove effective we will seek EEC authority to reinforce them,"

Shell studies oil plant plan

BY NICK GARNETT, LABOUR STAFF

SHELL UK is carrying out a feasibility study into the building of a lubricating oil plant, costing about £100m, at Ellesmere Port, Cheshire.

The company said yesterday it had not made a decision on the project, which was one of a number of options it had been studying. These included extending existing facilities.

Some union officials, however, expect the company to go ahead with the project and that this will involve the eventual closure of the company's existing lubricating oils facilities at Barton, Manchester and Stanlow, Ellesmere Port.

The planning and construction of a plant would take some years. One site which the company has been examining is very close to its Stanlow operation. Barton and Stanlow together employ about 400 workers. The company has made no applications for planning permission for a plant.

Burmah announced last month that it would shut down its refinery at Ellesmere Port in the next 18 months with the loss of 1,100 jobs. It blamed severe market conditions and a loss of almost £10m in its refining operations last year.

Shell told union officials in November it was studying its lubrication operations, including manufacturing, blending and distribution.

This was part of the company's general drive to improve all its UK operations and to meet its business objectives and essess its investment strategy in all its sectors.

It told union representatives the study of its lubricants section stemmed from its desire to remain a manufacturer and marketer and to do so as effectively as it could.

The study, it said would necessitate a review of its plants, future investment, and the issue of whether a new plant should be built in the light of future needs.

Burmah offer was 'best possible'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Bank of England did not deal unfairly with Burmah Oil when it rescued the company from financial crisis, one of Burmah's financial advisers told the High Court yesterday.

Mr. Robin Broadley, a managing director of Baring Brothers, said the Bank offered the best terms it could, given the need to have them approved by the Government.

Burmah is asking the court to set aside the sale of its 20 per cent holding in BP to the Bank, alleging that the Bank took advantage of the company's weakness to get the shares at a gross undervalue.

The Bank contends that the price was fair.

Mr James Lumsden, Burmah's chairman during the crisis, said it was because the Banuk had thought it unfair that Burmah should get only the current low market price for the shares that it had suggested profit sharing on any resale — a suggestion the Government turned down.

Mr Donald Rattee, QC, for the Bank, asked what was unfair about having to sell at the current quoted price.

Mr Lumsden said it had been unrealistically low for a holding of 20 per cent.

He did not agree that 20 per cent of a company controlled by the Government had no strategic value, but he accepted that no one had offered Burmah a premium price.

Mr. Rattee suggested the BP shares had been a millstone round Burmah's neck.

Mr Lumsden agreed that some people had thought the money the shares represented could have been better deployed. Over the years, however, the holding had been of great value. Without it the company could not have expanded.

Mr Justice Walton asked Mr Lumsden for "a single, solid reason" why the size of the holding made any difference.

Mr Lumsden said that if someone had wanted to acquire 20 per cent of BP on the Stock Exchange they would have had to pay more than the quoted price.

The judge: And if you have to realise your 20 per cent on the Stock Exchange you won't get anything like the Stock Exchange price for it.

Mr Lumsden: That may be so. In the circumstances, if the Government had offered half the Stock Exchange price, Burmah might have had to accept it.

The hearing continues today.

By-law for Lloyd's postal vote drafted

Financial Times Reporter

LLOYD'S of London, the insurance market, yesterday introduced the wording of a by-law which will create a postal ballot system for an emergency vote on Lloyd's Bill of Parliament.

The Bill for improving Lloyd's self-regulation, its first major legislative change in over 100 years, was halted by a House of Commons committee last month until Lloyd's had incorporated amendments dealing with conflicts of interest within the market.

Parliament wants Lloyd's to end brokers' control of underwriters to prevent managing agents, those who look after underwriting syndicates, from acting as groups which introduce underwriting members to those syndicates.

Lloyd's is putting the issues to its near-20,000 members and asking them to vote by ballot on July 17.

Lloyd's will hold another meeting next Wednesday, June 17, to obtain a vote on the by-law, which was received yesterday with 900 votes in favour and only about three votes against.

Council contractors

PRIVATE contractors are working for the highways department in Southwark, a Labour-controlled London council, at about 60 per cent of the cost of its own direct labour workers, according to a consultants' report. The direct labour force does 80 per cent of the work.

Goodyear jobs go

GOODYEAR TYRE and Rubber Company is to reduce the labour force at its industrial rubber products factory at Craigavon, Northern Ireland, by 280 to just over 800. The plant lost £1.4m last year and a loss of £5m has been forecast for this year.

Caravans inquiry

THE SUPPLY of holiday caravan sites in Northern Ireland is to be investigated by the Monopolies and Mergers Commission. Mr. Gordon Borrie, director general of fair trading, yesterday requested the investigation following complaints from holidaymakers that site availability was sometimes linked to the purchase of a caravan there.

Printer to close

DERWENT PRESS the Derby printer which employs 70 people, is to close next month. Contracts, including those for colour brochures, have declined.

Hornby seeks 60

HORNBY HOBBIES is seeking a further 60 workers to join the 1,300 employees at its factory in Margate, Kent. Hornby, which was recently acquired by its senior management and workforce, says the extra workers are needed to meet a growing demand.

£38,293 paid for 93 snuff-bottles

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S yesterday sold snuff-bottles, a market in which attractive items can still be bought for less than £100. From the collection of F. W. A. Knight 93 bottles sold for £38,293, all offered finding buyers. The top price was £6,600, paid by Hugh Moss, the London dealer, for an Imperial Chinese ivory bottle with the seal mark of Qianglong. A rare Suzhou school agate bottle sold for £5,000.

In a general sale that followed, a snuff-bottle from the collection of Edward T. Chow made £10,000. It was paid for a Suzhou agate bottle of about 1800. Sotheby's in Los Angeles disposed of the collection of oriental works of the late Ching-wah Lee, the actor, for £519,662, with a top price of £77,720 for a Sung Dynasty *guanyao* dish.

Christie's South Kensington has just completed disposing of the contents of two Norfolk houses, Burgh Hall at Aylsham and nearby Hilborough Hall. The sale totalled £113,100, with a top price of £12,000 for an unusual late-Victorian mahogany extending dining-table, eight-sided with 16 extra leaves. A mid-Georgian mahogany bureau-bookcase fetched £5,500 and a view of Naples by Hermann Corrodi £3,800.

A scarlet tortoiseshell and ormolu mounted 19th-century cabinet, signed C. S. Matifat, Paris 1849, sold for £15,000 at Phillips yesterday. It was displayed at the Great Exhibition of 1851, where Matifat won medals.

Hoping to harness football fever

KENNETH GOODING meets a man who says his Merseyside project will provide 1,000 much-needed jobs with a flexible working system to beat Japanese productivity.

MR GEORGE HUGHES has already written to Buckingham Palace asking if the Queen could open the bus and truck assembly plant his company intends to set up at Skelmersdale on Merseyside.

He has also invited the Prime Minister to visit the plant, 500,000 sq ft on a 30-acre site formerly owned — and closed down—by Thorn. At the same time he gave her the news that the plant should provide pobs for 1,000 by the end of 1982 in an area where the unemployment rate is about 20 per cent.

Mr Hughes says that a flexible system of working at the plant will put it years ahead of the Japanese in labour productivity.

He says: "Liverpool people can work hard. They can be obstinate and cussed, but if they are motivated properly they are god workers. I should know, I am a Liverpudlian."

Mr Hughes reckons he can harness some of the football fever on Merseyside to good effect and has recruited Mr Bill Shankley, former Liverpool FC manager, and Mr Joe Mercer, formerly Manchester City FC—"old friends of mine"—to the Board of the company which will operate the plant.

The company is Hughes Truck and Bus, the production arm of a group which also includes the better-known, in the industry at least, Willowbrook, coach-building concern.

Mr Hughes bought Willowbrook in 1971 when he struck out on his own after a career which spanned Cambridge, Harvard, IBM and the ill-fated First National Finance Group, where he was among the City's original whiz-kids.

Mr Hughes included in the material he issued to the Press yesterday a list of the world's greatest brains of all time, with Voltaire's name underlined in red ink. What Mr Hughes and Voltaire have in comon is an IQ of 170, which entitled the former to become a member of Mensa.

Mr Hughes heads Hughes International, a holding company with Willowbrook as a major subsidiary. This business hadw a 1979 turnover of £12.75m and made a taxable profit of £5.2m, according to Mr Hughes.

Willowbrook is known in the UK mainly as a coach- and bus-body builder. It operates from a plant at Loughborough, Leicestershire, which employs about 500 people. It exported 92 per cent of its output last year — mainly bus bodies in kit form.

Mr Hughes says he has been working on his expansion scheme for six years. He has gathered around him many ex-Leyland people, including Lord Stokes and Mr Joe McGowan, formerly Leyland's group engineering director.

The idea will be for the company to offer a complete range of trucks, buses and coaches based on 370 basic models all of Willowbrook's own design.

But the real impetus for the Skelmersdale expansion came from export orders worth £600m from five overseas countries to be delivered over the next three years.

Mr Hughes says this will provide work for 1,000 people turning out about 6,000 vehicle kits a year.

However, Loughborough will continue as a provider of vehicles for the UK and as a supplier of built-up vehicles for export.

Mr Hughes estimates that the Skelmersdale venture will cost about £15m, much of it in working capital. Government grants will account for about £1.4m of the total. But he will stick to his policy of not borrowing from the banks. This policy sprang to some extent from his early days with Willowbrook when the Slater Walker organisation, from which he had borrowed a large sum, called in its money because of its own problems.

There is also the fact that "the banks don't understand what I am doing."

Scotland to London air fare cut to £30

By Michael Donne, Aerospace Correspondent

THE COST of a British Airways' shuttle ticket between London and Scotland is being cut by the introduction of a "no risk" stand-by fare.

The current shuttle single rate between London and Glasgow or Edinburgh is £54. The guranteed stand-by fare will be £30.

The system operates when a stand-by passenger fails to get on the flight of his choice. British Airways says it will guarantee stand-by passengers a seat on one of the next two flights, at the £30 single rate.

A stand-by passenger turning up and hoping for a flight to Glasgow at 8.15 am, is guaranteed a seat on the 10.15 am flight if space is not available on the 8.15 or 9.15 services.

A full-fare passenger would automatically be put on the next flight.

BA claims this fare has been a success on the London-Belfast route, where it was introduced in October. More than 50,000 stand-by passengers have used it.

British Airways said market research showed that many people preferred such systems to trains or road travel.

Councils reject inflation estimate in Government analysis

BY ROBIN PAULEY

NEARLY ALL the 456 local authorities in England and Wales have rejected the Government's analysis of pay and price inflation for 1981-82. They have allowed for a higher figure in their expenditure budgets for the year.

The Government's overall assumption for 1981-82 for the rise in pay and prices together was 6.7 per cent, but councils have budgeted on average at 9.3 per cent.

When the Government announced the rate support grant settlement for 1981-82 in November, it urged all councils to follow its assumptions of 6 per cent for pay rises and 11 per cent for price inflation.

Councils' first reactions were that these assumptions were too optimistic. They then discovered that the 11 per cent price rise figure had been calculated from two mid-year points and when it was annualised it produced a figure of only 9.5 per cent, which many council leaders said was unrealistic.

Heavy pay influence

Taken together the figures produce a net pay and price inflation assumption of 6.7 per cent, reflecting the very heavy influence of pay in the valuations.

Last year the Government allowed 13 per cent for pay and prices, which also turned out to be an under estimate and made councils reluctant to accept this year's projections.

Only 21 councils have budgeted for 6.7 per cent or less. Two of them—Macclesfield and Harborough—have taken the Government's figure exactly and East Northamptonshire is only 0.1 of a percentage point below, followed by the London borough of Southwark at 6.5 per cent.

Eight of the 21 councils have put nothing in their budgets for inflation, according to Environment Department figures. They are small district coucils which have used estimated figures in budgeting their expenditure for 1981-82, making an inflation provision unnecessary.

About 42 councils have budgeted for pay and price inflation of more than 15 per cent, led by Corby which has included a figure of 23.6 per cent. Corby, however, also appears in the Government's list of the best underspenders in 1981-82, which underlines one of the problems of interpreting inflation provisions.

English and Welsh councils which have allowed more than 15 per cent for pay and price inflation in 1981-82

		per cent			per cent
Corby	Lab	23.6	Chester-le Street	Lab	16.8
Blaenau Gwent	Lab	22.6	Dover	Con	16.8
Peterborough	NOC*	21.9	Medina	Lib	16.7
Plymouth	Con	21.9	West Norfolk	Con	16.6
Stratford on Avon	Con	21.4	Blyth Valley	Lab	16.4
Cambridge	NOC*	20.6	Darlington	Lab	16.2
Torbay	Con	20.6	Wealden	Con	16.0
Clee...orpes	NOC*	19.8	Harlow	Lab	15.9
Great Grimsby	Lab	19.7	Torridge	Ind	15.9
Rusmoor	NOC*	18.8	North Cornwall	Ind	15.7
Wrexham Maelor	NOC*	18.6	Islwyn	Lab	15.5
Southend	Con	18.1	Salisbury	NOC*	15.5
Kensington and Chelsea	Con	18.0	Barking	Lab	15.4
Greenwich	Lab	17.6	Ynys Mon	Ind	15.4
Milton Keynes	Con	17.5	Newcastle-under-Lyme	Lab	15.2
Sedgefield	Lab	17.5	Rhonnda	Lab	15.1
Mansfield	Lab	17.2	Exeter	Con	15.1
Preston	Lab	17.0	South Yorkshire	Lab	15.0
Meirionnydd	Ind	17.0	Radnor	Ind	15.0
Purbeck	NOC*	17.0	Derwentside	Lab	15.0
Bournemouth	Con.	16.9	* NOC=No overall control		

Accounting exercise

An underspend on service budgets accompanied by a high inflation provision often indicates that little is happening other than an accounting exercise, moving figures from one column to another. Corby's underspend of 23 per cent may not turn out to be a huge reduction in services when set against an inflation provision of 23.6 per cent.

The Chartered Institute of Finance and Public Accountancy's finance, general and rating statistics for 1981-82 show the class of authority making the largest inflation allowance is the Welsh non-metropolitan districts (12.3 per cent), followed by inner London boroughs (11.7), outer London boroughs (11.3), English non-metropolitan districts (11.1), metropolitan counties (10.7), metropolitan districts (9.9), Welsh non-metropolitan counties (9.5), English non-metropolitan counties (8.5) and the London precepting authorities (7.8).

Heseltine turns down plan for business air base at Wisley

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PLANS to turn Wisley airfield, near Guildford, Surrey, into a business aircraft base, have been rejected by Mr Michael Heseltine, Environment Secretary.

Jenstate, a company set up for that purpose, proposed to use the former Defence Ministry airfield for general aviation and sought a decision from the Secretary of State because the Guildford Council had not decided on the matter in the time legally required.

A public inquiry into the plan was held near Wisley earlier this year. In his conclusion, Mr Shane Reese, the inspector, accepted that the site had some advantages, but decided that on balance the objections to the plan were paramount.

The nearby gardens of the Royal Horticultural Society, and local amenities such as Bolder Mere and Ockham Common, would be badly affected by noise.

Additionally, the inspector concluded that there would have to be "a clearly established national need and an exhaustive survey and subsequent rejection of all other alternative sites," before he could accept the proposition.

Accepting the inspector's report, Mr Heseltine recognised that noise from aircraft at Wisley would represent a serious intrusion on residents.

In a separate report yesterday the Ombudsman rejected complaints of maladministration in connection with the sale of the land at Wisley airfield back to the family of the original owner, Lord Lytton—although he accepted that there were political motives behind the decision on which he could not comment.

The decision not to develop Wisley follows an acrimonious debate on the project during which it was suggested that the Defence Ministry, which originally acquired the land from Lord Lytton for defence purposes, acted dishonourably in selling it back to Lord Lytton's son at agricultural land values while an appeal for planning permission for its future development was pending.

Local residents complained that the sale had been in bad faith because the land had been sold with the old runway intact, despite repeated assurances from the Government that the runway would be taken up before the sale.

Sheffield's impatience with Master Cutler

By Lynton McLain, Transport Correspondent

SHEFFIELD, Britain's steel city, has a crack express, the Master Cutler named in honour of the city's knife and fork craftsmen.

Businessmen in a hurry, however, regard it as the slowest Inter-City service on British Rail.

So Sheffield City Council has offered to underwrite an experimental service to London using one of British Rail's much admired 125-miles-an-hour High Speed Trains.

Councils and local authorities already support local rail services. Sponsorship of a specific train however, has not been suggested before. The scale of the money at risk in the Sheffield trial—up to £100,000—underlines the seriousness with which the city views the problem.

"The present train service between Sheffield and St Pancras, is very damaging to Sheffield businessmen," Mr Ian Podmore, the city council's chief executive said yesterday, two weeks before the council's policy committee meets to decide if it is to back the trial.

London is two hours 30 mintes away by the Master Cutler, the fastest train of the day which arrives at St Pancras at 9.50 am.

Other trains take about three hours. Newcastle-upon-Tyne, 100 miles north of Sheffield, served by High Speed Train, is only two hours 58 minutes from London.

"Our basic complaint is about the slowness of the service," Mr Podmore said. Managers of local companies often find it quicker to forget the Master Cutler and catch, instead, a southbound Scottish express at Doncaster.

The 125-miles-an-hour train takes 100 minutes to reach London, a total travelling time for the frustrated Sheffield businessmen of two hours and 10 minutes—20 minutes ahead of the Master Cutler.

Sheffield wants British Rail to introduce a High Spee Train and so cut the journey time to 2¼ hours. The council would be prepared to underwrite any potential losses if the service did not generate the expected extra traffic.

British Rail, however, offered a best time of two hours and 22 minutes using an HST—an improvement of eight minutes.

"We feel that eight minutes is not enough and could be the stumbling block for our proposals," Mr Pedmore said.

British Rail, has wanted to introduce HSTs on the Sheffield-to-London route for some time. Two years ago it asked the Transport Department for permission to invest in seven £2m HSTs—two of which were for Sheffield. Only four were authorised—none for Sheffield.

British Rail still believes that the London-to-Sheffield route is capable of generating substantially more traffic if it had at least on eHST.

But because it has no spare HSTs, one used for a trial period on the Sheffield route would have tobe taken off another, profitable route.

British Rail estimates that the total direct extra cost to Inter-City for a five month HST trial to Sheffield would be £132,000 between January 5 and May 17 next year.

Sheffield has offered to pay BR £30,000 as a "straight contribution, but this has been rejected B(said yesterday.

Sheffield would also be liable, if the city's policy committee agrees to pay British Rail £100,000 if the new service failed to generate extra revenue.

On the other hand, if the service generated as much as 17 per cent more traffic—enough to cover BR's extra costs for running the experiment—Sheffield would pay nothing at all.

British Rail considers the exercises a "worthwhile experiment."

Pym wary on economic recovery

By James McDonald

A CAUTIOUS view of Britain's economic situation and its likely rate of recovery from recession was given in London yesterday by Mr. Francis Pym, Leader of the Commons and the minister responsible for co-ordinating government information services.

"I believe we are approaching the bottom of the trough, but the recovery—when it comes—may well be slow and unspectacular. The important thing is to make it sure and steady," he said at the centenary lunch in the Guildhall of the London Chamber of Commerce and Industry.

Events and world circumstances had forced on the Government a slower pace for carrying out its programme, in which partnership between industry and government was a major feature.

The programme, however, was still to abate inflation and restore "sound money." It was also still to reform trade union law, encourage responsible pay bargaining and tackle government spending so that direct taxation might be reduced.

"In no way does this reduced pace imply any change in our strategic objectives or our purpose or determination," said Mr. Pym.

On inflation, Mr. Pym said: "We hope it will reach single figures by the end of the year. A lot depends on the level of pay settlements and the exchange rate."

He added: "We have no intention of increasing our offer of 7 per cent to the Civil Service in the present pay round—it is a fair offer and all we can afford."

The potential for productivity improvements, when business eventually picked up, was tremendous, said Mr. Pym.

Helping enterprise is not charity, says Callaghan

BY LISA WOOD

AS LONG as Britain regards the payment of public money to enterprises as a form of charity it will fall behind the industrial development of other countries, Mr James Callaghan, the former Labour Prime Ministed said yesterday.

Mr Callaghan was opening a complex of workshops in Southwark, South London, which will provide training for some of the borough's young unemployed.

He said complex modern society needed a partnership between Government and both private and public enterprise. Other countries had achieved this partnership.

Mr Callaghan criticised the Conservative Government's "mistaken ideology" in its belief that enterprises should stand on their own two feet.

The new workshops have been converted by Southwark Council from a disused factory. The borough's unemployment rate is more than 13 per cent, with about 1,500 of those without jobs between the ages of 16 and 18.

It is estimated that only about half its 3,000 school leavers will immediately find jobs this summer.

The workshops will provide up to a year's basic training in several subjects including clerical work, building maintenance, engineering, basic electrics and needlework. When fully operational, there will be about 300 places available.

Although the project was initiated by Southwark it has received help from private industry—ICI is a major sponsor for one project—and the trade unions. The Manpower Services Commission is contributing £250,000 of the £350,000 annual running costs.

Mr John O'Grady, leader of the council, said it was not always appreciated what unemployment meant to young people.

"Besides the specific training on the starter courses we are trying to give youngesters confidence in themselves as well as instilling discipline and an idea of what getting up for work entails," he said.

Land speed record bid in October

By John Griffiths

THE FIRST British attempt to recapture the world land speed record since Sir Donald Campbell lost it to the Americans in 1964 will be made at the Bonneville salt flats, Utah, U.S., early in October.

More than 150 UK companies, including GKN, British Aluminium, Tube Investments, Racal Electronics, Initial Services and British Aerospace, have contributed cash and engineering resources to the project, which has cost £800,000.

The British team expects to exceed the existing record of 622 mph by up to 80 mph. British Aerospace recently completed transonic wind tunnel testing at its Filton, Bristol, establishment, and confirmed that the 4½-ton jet car, powered by a 34,000 brake horsepower Rolls-Royce Avon 302 jet engine, should meet its target.

The project is led by Mr Richard Noble, a marketing executive with GKN's building services division, who has been seconded to the project by the company. Mr Noble will drive the car, called Thrust 2, which is the second of a three-car project aimed at eventually breaking the 1,000 mph barrier on land.

The car will be taken by ship to Los Angeles

The project formed on unusual method of allowing British well-wishers' messages to be carried across the salt. Kodak has devised a microfilm system to allow up to 3m names and good luck messages to be carried on the car's sides. The team, starting to look towards the £1-plus cost of Thrust 3, is asking for donations of £1 per message.

Quarterly fall in visitors

BY JAMES McDONALD

THERE WAS a 10 per cent fall in the number of overseas visitors to the UK in the first quarter of this year compared with the corresponding period last year. The visitors spent 12 per cent less in Britain.

Visits abroad by Britons also fell compared with the first three months of last year, but by only 1 per cent. They spent 7 per cent more. The UK quarterly travel account was in surplus by £25m compared with £113m last year.

International passenger survey figures, published yesterday by the Department of Trade, show that in the first quarter there were 1.87m visitors to the UK. UK residents made 2.66m visits abroad.

Visitors to Britain spent £455m in the quarter. UK residents spent £430m overseas.

The decline in the number of visitors to Britain spread over all originating areas. The largest decreases were from the European Community countries (down 12 per cent), and from other areas outside North America and other West European countries (down 15 per cent).

Severn-Trent—an authority in hot water

David Churchill on a Monopolies Commission claim of 'conduct against the public interest'

THE Severn-Trent Water Authority's efficiency and cost structures were strongly criticised yesterday by the Monopolies and Mergers Commission following a six-month "efficiency audit."

The commission concluded that the authority's "course of conduct in this respect (efficiency and costs) is against the public interest."

However, two small companies operating within the authority's region—the East Worcestershire Waterworks Company and the South Staffordshire Waterworks Company—were cleared of this charge.

The commission has put forward 73 detailed recommendations which it believes could help the authority to control operating cost increases. Although the commission does not believe that water charges are too high in the region, it implies that a tighter control of costs could help reduce future price increases.

The commission says that the change to direct billing in the mid-1970s has led to an increase in water charges "more apparent than real."

Although the commission believes the cost of installing water meters in homes would outweigh the benefits, it considers such a scheme should be kept under review. It also suggests that any legal obstacles to metering should be examined by the Government and National Water Council and that building regulations should ensure that new houses are designed to facilitate metering.

The commission's investigation was the third "efficiency audit" carried out under the Competition Act. The report's 450 pages also make it one of the longest it has produced.

The authority is the second largest of its kind in terms of population and rateable value. It covers 21,600 square kilometres with a population of more than 8m in an area stretching from the East Midlands to the West Country.

Although it is the strategic body for the area, it also encompasses the two small companies (East Worcestershire and South Staffordshire) which supply water to some consumers under its auspices.

The main thrust of the commission's investigation was directed towards the operating efficiency and cost structures of the authority. "We found a number of areas where we considered that efficiency has suffered and potential cost savings are not being secured because the control exercised by headquarters over the divisions is inadequate," the commission says. "The most striking example is the lack of firm guidance and co-ordination of the implementation of the national agreement to provide 100 per cent coverage of manual employees by incentive schemes.

"Other examples are investment appraisal, leakage control, maintenance of plant and vehicles and cleaning frequencies at reclamation works.

The commission believes that "the time is past when the degree of divisional autonomy allowed by the authority can be justified."

However, in the commission's opinion, few of the widespread allegations of extravagance levelled against the authority and the companies were justified.

However, the commission was concerned about the high level of car allowances and the system by which they were controlled. It welcomed the National Water Council's review of the subject and suggested the allowances may be too generous. It also recommended the authority to review its policy on car allowances and car loans to employees.

The "remoteness" of the authority as seen by consumers was "of major concern" to the commission.

It believes that the authority's membership—a total of 48m hampers efficiency and does not provide adequate consumer representation. So it suggests setting up a separate body to represent consumers.

The authority should also adopt a more rigorous approach to cost-control and physical measures of output, says the commission and not rely on arbitrary, across-the-board measures. The commission also expresses reservations about the increase in non-manual staff since 1974 and welcomes recent steps to reduce numbers.

Despite progress on investment planning, the commission believes too little attention has been paid to justifying overall levels of investment. The authority should make the trade-offs between standards of service and financial resources more explicit.

It believes too, that there are weaknesses in the authority's approach to investment appraisal and it is particularly concerned that there is no comparative evaluation of investment in leakage control in water supply projects.

The authority has also granted too much autonomy to divisions, with adverse consequences on cost saving and efficiency. Limits should be set to this autonomy and these should be monitored systematically.

Although the commission does not recommend any changes in the authority's geographical area, it does suggest an overhaul of the management structure. It believes the 48-member authority has created a complex committee structure which imposes considerable costs. A small authority or board would provide more efficiency, with potential savings of £1m.

The commission also recommends a substantial reduction in the number of members with membership not based predominantly on local government representation.

In its conclusions, the commission emphasises that "increases in charges may well continue to be determined as much by the accounting and financial framework within which the authority and companies operate as by the changes in operating costs.

"But because the authority and companies have an absolute monopoly in their areas and are not under competitive pressure to minimise their costs and charges, operating costs require rigorous and continual scrutiny."

Severn-Trent Water Authority, a report by the Monopolies and Mergers Commission, HC 339, SO £10.80.

Army ready for ambulance strike

BY JOHN LLOYD AND CHRISTIAN TYLER

AMBULANCEMEN in London and Scotland yesterday confirmed their intention to go on 24-hour strikes without providing emergency cover — in spite of pleas from their union officials to operate emergency services.

Yesterday the army began issuing stores to its ambulances in depots throughout the country as a precautionary measure. The Ministry of Defence said last night that it had not yet received any requests from ambulance services to provide cover.

Mr Patrick Jenkins, the Social Services Secretary, told the Commons that the official union call for a 24-hour stoppage on Wednesday next week was "disgraceful." He said that a pay increase above 6 per cent would result in a reduction of National Health services.

The 17,000 ambulancemen are seeking rises of £15.40 a week, in line with increases paid to police and firemen. The *NHS offer of 6 per cent amounts* to an increase of £5.89 a week.

Mr Jenkin said he deplored the action by a group of workers who by no stretch of the imagination could be called underpaid.

However, Mr Clive Doley, Labour MP for Hammersmith North, said the present offer was "an insult to ambulancemen" in view of the increase given to BL chairman Sir Michael Edwardes.

Mr Cahrles Donnett, national industrial officer of the General and Municipal Workers Union, told the union's conference in Brighton that the Government was waiting for the opportunity t teach the ambulance service a lesson.

"I must make an appeal to the ambulancemen in their own *interests and in the interests of* the public. If we are going to fight the Government don't hit the patient."

The 2,000-plus ambulancemen *in London will strike for 24* hours on Monday, beginning at 7.00 am. Mr Terry Pettifer, a member of the London ambulance service convenors' committee, said yesterday that the decision has already been taken.

It is understood that members were consulted on the strike at their depots, and that the response was an overwhelming vote for no emergency cover.

The London men fear that because of their unique two-tier system—one group handles routine work, while another attends to accidents and emergencies—the emergenmy men would be victimised by management.

The 1,600 ambulancemen in Scotland will takep art in the national stoppage on Wednesday—but will refuse to provide emergency cover.

Representatives of Northern Ireland's 350 ambulancemen meet today to decide their policy, and will discuss whether or not to provide emergency cover.

Ambulancemen in Wales are being urged by divisional officials to provide cover. However, Mr Steve King, the NUPE district official said that the London and Scottish decisions were putting pressure

P & O faces seamen's strike from weekend

By John Lloyd, Labour Correspondent

A STRIKE of Merchant Navy officers is progressively grounding the 51 general *cargo ships in the P & O line.* A strike by seamen in all P & O ships—including ferries and cruise ships—is threatened from this weekend.

The Merchant Navy and Airline Officers' Association said last night that it would continue its action—in spite of a telex sent from the company which appears to call off the threatened sale of four refrigeration ships, the issue at the heart of the dispute.

Mr Eric Nevin, the association's general secretary, said that the telex, which withdrew the June 14 deadline for the sale of the ships to a foreign shipping line, was *designed to confuse his* members.

The company wanted to sell the ships and to lease them back. It believed that the lower wages paid by foreign operators would make the leasing charges to be lower than its own costs.

The National Union of Seamen said yesterday that *it would meet the company* today. It said it would not tolerate an attempt to sell ships or to lower wage rates.

Another union demands early stoppage

Civil Service all-out call

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of another Civil Service union yesterday unanimously decided to recommend their members to take early all-out strike action over pay.

The executive of the 45,000-strong Civil Service Union, which represents lower-grade civil servants, became the fourth main union leadership in the service to back an all-out strike recommendation. It wants action taken at the most suitable earliest opportunity.

The recommendation will be put next Tuesday to all the union's section executive committees. The 400-odd strong meeting will be almost the equivalent of some trade union conferences.

Following the votes of the Civil and Public Services Association, the Society of Civil and *Public Servants and the Inland* Revenue Staff Federation, the CSU vote adds to the momentum for all-out action.

Meanwhile, leaders of the Council of Civil Service Unions yesterday discussed the organisational problems of any such move.

The Council's major policy committee, consisting of senior *officials* from the nine unions involved in the 13-week-old action, also drew up a document to be presented to members for the main consultations to take place before a *final decision is taken on June* 18. Action could start on June 22.

The document, which was sent to unions last night for circulation today, lists the three options open: Increasing the selective action, going for an all-out strike or capitulation.

It also contains a firm message on the increasingly-shaky financial basis of the unions' action, urging that the present levy be at least doubled.

These doubts are picked up more strongly in a circular to members from the Institution of Professional Civil Servants, which unlike the other large unions, is recommending an extension of the present selective strikes.

The circular, from Mr *William McCall, general secretary*, says that while the IPCS received £859,942 by June 5 in levy payments, with outgoings of more than £1m, the position of the council "is far less satisfactory."

By June 6, more than £5m had been paid in strike pay. Weekly payments are now running at more than £500,000, with total levy payments at £300,000.

Allowing for other expenses, this leaves a weekly deficit approaching £250,000. The circular states: "unless we increase the income from levies the present campaign cannot continue beyond the end of June."

The union also warns that *future costs are likely to be* "significantly greater" because of "retaliatory action by the Government." In any case, it says, by itself selective action does not demonstrate widespread support for the campaign.

The IPCS has doubts that an all-out strike would secure enough support.

Mr. McCall points out: "The less the support for it the more determined the Government would be to face it out." He goes on: "If the action was not successful, return to selective action afterwards would be impossible: the money to finance it would not be available.

"This could then mean the relatively early and complete collapse of the campaign."

A membership circular from the SCPS, probably the most militant union, could hardly be more different. After accusing the Government of "a big confidence trick" it states that "*there is no real alternative*" to an all-out strike.

The circular, signed by Mr. Gerry Gillman, general secretary, says: "The key areas for selective action have now been identified and used. It is not likely that there will be substantial new areas available which will have a dramatic effect on the Government."

The Departments of Employment, and Health and Social Security reported little increase yesterday in the effects of strikes at benefit-payment computers.

Meanwhile, the unions pulled out 20 staff at an early warning radar station at Boulmer, in Northumberland.

Building workers call joint talks for action

BY NICK GARNETT, LABOUR STAFF

THREE OF the four construction unions will hold a antional joint meeting of regional officials next week to decide on a list of building and civil engineering sites to be hit by industrial action in the industry's pay dispute.

However, the executive committee of the Union of Construction, Allied Trades and Technicians (Ucatt), the biggest construction union, decided yesterday to ratify aceptance of the pay offer worth 6.2 per cent on minimum earnings.

The union will ask the employers' organisations to pay the money into wage packets from June 29.

The employers, with their negotiating machinery under strain and forced to contend with a deep split in the unions, appear unlikely to comply.

Because of the constitutional arrangements of the bargaining machinery the two employers' bodies—which are attempting to maintain unity in their own side—are likely to tell Ucatt that a formal agreement with all unions must be secured before it can pay the money.

Senior officials from the other *three unions—the Transport* and General Workers Union, the General and Municipal Workers Union and the Furniture, Timber and Allied Trades Union—met yesterday and agreed to set up joint regional action committees.

Officials said the regions will determine the nature of industrial action and the targets and the three unions were calling on their members to support that action. The action would involve all-out strikes and selected *stoppages.*

There appears to be some possibility of action before next Thursday's meeting.

The offer, would introduce a 39 hour week from November and *lift the overall minimum* craft rate to £85.41 (£73.32 basic and £12.09 guaranteed minimum bonus).

New Left challenge in engineering union

BY NICK GARNETT, LABOUR STAFF

THE LEFT will make a further challenge this September to win control of the Amalgamated Union of Engineering Workers from the Right in the biggest elections the union has ever held. Nominations closed yesterday.

Four executive seats, the post of general secretary, and many of the 201 officers' jobs in the union are up for election.

The principal Left-wing candidate challenging Mr Ken Cure, executive member for the *Midlands and Manchester*, is Mr Stan Cole. Mr Cure is opposed by at least five candidates.

Mr Jack Whyman, executive *member for London and the* South-East, faces a challenge from the Left in Mr Roger Butler, district secretary for Southall, London.

Three candidates are fighting for the seat of Mr Harold Robson, who retires next year. The Left is backing Mr Jim Murray. Mr John Weakley, executive member for Wales, is opposed by three candidates.

There are nine candidates for the post of general secretary, from which Sir John Boyd retires next year. The three leading contenders are Mr Gavin Laird, executive member *for* Scotland, Mr Gerry Russell from the North-west division and Mr Ken Brett, the Communist assistant general secretary.

Mr Denis Duffy, a convenor and *brother of the president* of the union, is contesting the post of organiser for the newly-created split division in the Midlands, against Mr Derek Robinson, the former BL convenor.

The elections include posts for national organisers, about 15 divisional officers and the whole membership of the union's rank-and-file appeal court.

Appeal for higher status by public servants

BY PAULINE CLARK, LABOUR STAFF

THE PUBLIC should recognise the worth of public servants and stop considering them as the "drones of society," a leader of Britain's 500,000 local government white-collar workers said yesterday.

The appeal was made at the opening of the annual conference in Blackpool of the 782,000-strong National and Local Government Officers Association.

It came as the union identified itself with civil servants on a possible battle over the Government's cash limits on public sector pay rises this year.

On the day after the union's local government staff section was urged to prepare for industrial action over a 13.2 per cent pay claim, Mr. Peter Morgan, president, said "the civil servants' fight is now our fight."

Public investment was at the heart of the union's and the TUC's alternative economic strategy, he told nearly 2,000 conference delegates.

Mr Morgan also warned that, as a result of Government policies on local government, the sector was now in "grave danger of complete servitude to Whitehall, bound hand and foot by monetarist shackles.

The case for involving the unemployed more closely in the trade union movement at a time of a high level of redundancies is one of the issues likely to dominate the debate.

Of the 300 motions on the agenda, 20 are concerned with the problem of unemployment. But the conference yesterday defeated attempts during its rules revision session to get the union to take *school-leavers* into its unemployed membership.

Solidarity 'not scared of Soviets'

By Our Labour Editor

SOLIDARITY, the Polish free trade union movement, will not be stopped by any threat or show of force by the Soviet Union *from insisting* on full implementation of the agreement reached with the Polish authorities.

Mr. Bronislaw Sliwinski, a lawyer *from* the Szczecinek regional committee of Solidarity, drew enthusiastic support and two standing ovations from delegates to the annual *conference* of the General and Municipal Workers' Union in Brighton yesterday while giving this assurance.

He said: "There can be no turning from this road. No threats, nor force will stop the irreversible achievements of the Polish workers.

"We are not fighting so that *our* wages appear to be higher just for a few months. We don't want our Government just to print a little more paper money. Quite the opposite. We want to create a lasting guarantee that our standard of living will grow with time."

BL chairman urged to quit over salary rise

SIR MICHAEL EDWARDES, BL chairman, should resign at once, the Midland area engineering council of the white-collar Apex urged. It is the third largest union at BL.

The council accused Sir Michael of "adopting double standards," including accepting a bigger wage rise than workers were offered.

Jeans sit-in backed

THE TRAIN drivers' union Aslef has backed the workers who have been sitting-in at the VF Jeans factory at Greenock, Scotland, for 20 weeks.

No fight for job

MISS JOANNA HARRIS, who lost her job with Sandwell Council, *West Midlands, when* she refused to join the local government union, Nalgo, has decided not to seek the help of an industrial tribunal to *get the job back.*

Stable staff claim

THE National Joint Council for Stable Staff presented a claim for an £11-a-week rise to a basic minimum of £74.

Peers to act on Gib. citizenship issue

Financial Times Reporter

THE GOVERNMENT faces the prospect of a defeat in the Lords when an all-party group of peers plans to press for full British citizenship for the people of Gibraltar during the passage of the Nationality Bill.

This issue—which sparked off a Tory backbench revolt among MPs who on a vote cut the Commons majority to 25—looks like getting far wider support in the Upper House whe the Bill reaches its committee stage there next month.

A meeting of peers, includig members of the Commonwealth Parliamentary Association currently in Gibraltar, and MPs, is planned for next week to work out a new clause.

Mr. Albert McQuarrie, (C, Aberdeenshire E), who led the Commons revolt is optimistic this time.

"We have already had a very favourable response from other Conservatives, Labour, Liberal and cross-bench peers on this matter," Mr. McQuarrie said yesterday.

"The aim is to have a similar amendment in the Lords to the one in the Commons, but if some slight change is called for we will bow to the Peers' better judgment. But basically the amendment is politically acceptable to the Gibraltarian Government and the people. The Gibraltarians are more British than the British," he added.

Mr. McQuarrie says the *Government fears that allowing* a concession to Gibraltar will cause problems over the proposed status of people in Hong Kong.

But he argues that Gibraltar is in a unique position and his planned change to the Bill will affect the Rock only.

Three categories of citizenship are established under the Bill and the row has been sparked off by plans to confine most Gibraitarians to citizenship of "British Dependent Territories."

"If we win in the Lords, then I cannot see the Government trying to reverse the decision in the Commons," added Mr. McQuarrie.

One of the big fears is among descendants of those who served the Empire for generations, marrying British women and bearing children in now foreign outposts, who say they could lose what they assumed was their inalienable birthright of being a British citizen.

Stock relief scheme change resisted

BY IVOR OWEN

THE GOVERNMENT last night resisted pressure from Conservative backbenchers and Opposition MPs for a switch from the single index which forms the basis of the new stock relief scheme introduced in the Budget.

Mr Nigel Lawson, Financial Secretary to the Treasury, told the Commons standing committee considering the Finance Bill *that it would be impracticable* to permit companies to chose from a range of indices even if it were a once for all choice when claiming the relief.

He stressed that the single "all stock index" to be compiled by the Department of Industry is expected to reduce industry's tax bill by £180m this year and by £400m next year.

Mr Lawson promised to keep open the possibility of modifying the new scheme in the light of experience and held out little hope of a move away from the single index.

He claimed that it was an illusion to suggest that each company was in a separate economy on its own, spending *money on only* one particular form of stocks.

Quite apart from the practical difficulties and the position of small businesses, the Government was convinced that the right course was to have a single all stocks index.

"We are satisfied that in principle as well as in practice, the case for a multiplicity of indices has not been made out." Mr Lawson declared.

Cook: advocated opportunity to choose

Lawson: said switch would be impracticable

Under the new scheme relief will be given for the effects of price changes on the value of stocks held at the start of a businesses' period of account.

In contrast to the previous scheme, relief will no longer be restricted by a reference to the profits of a business. Relief will not be given for increases in stock volumes. Nor will it be clawed back when a normal continuing business reduces its stock holding.

Mr Robin Cook, a Labour Treasury spokesman, emphasised the benefits which had accrued to industry as a result of the introduction of stock relief by the former Labour Government.

He highlighted the fact that the Government's consultative document which was the forerunner of the new scheme incorporated in the Bill had been widely criticised with complaints being made by the CBI, the London Chambers of Commerce, accountancy and other bodies.

Mr Cook emphasised that in advocating that companies should have the opportunity to choose from a range of stock indices, it was not intended that they should be able to move from one index to another in order to secure the most advantageous tax treatment.

Whichever index was chosen the company would have to remain with it for six years.

Mr Richard Wainwright (Lib Colne Valley) also attacked the single index and called for a *procedure which would enable* companies to choose from a range of indices appropriate to each trade.

Call for greater access to Japanese market

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE NEED for more British goods to be allowed into Japan was stressed by the Prime Minister yesterday when she held a meeting at No. 10 with Mr Susumo Nikaido, chairman of the main Japanese opposition party the Liberal Democrats.

Mrs. Thatcher told MPs later: "I was the first to say to him that we would like to have as free access to the Japanese market as Japan has to our market."

She pointed out that Japan only exported 12 per cent of its gross domestic product, France 24 per cent, West Germany 28 per cent while Britain exported 33 per cent.

The Prime Minister was replying to Mr Tim Sainsbury (C. Hove), who said the steady achievements of our exporting industries were partly attributable to Britain's willingness to promote the greatest possible freedom in international trade. Protection was not only damaging to the consumer, it also reduced the efficiency of British industry and destroyed jobs.

Mrs. Thatcher said she totally agreed with him. An exporting country such as Britain needed freedom of international trade. If we did not find it then we should attempt to open up such freedom.

Answering Mr Stan Newens (Lab. Harlow), she emphasised that the rise of the dollar against the pound made it more important than ever that British companies should be competitive.

Mr. Newens asked if she had seen reports that raw material prices were now rising very rapidly and that this was jeopardising any chance of the Government reaching its objectives for controlling inflation.

He invited her to explain what success her economic policy was achieving.

Mrs. Thatcher told him she was aware that raw material prices had risen. Any materials that were invoiced in dollars were bound to rise in price.

She thought is was a pity that Mr. Newens had not appreciated the higher value of the pound which had brought us advantages in lower raw material prices.

The drop in the value of the pound against the dollar meant that we had to be more competitive in our home market against foreign competition and also with overseas orders from countries which were already highly efficient.

Mr. Peter Tapsell (C. Horncastle), said that it was interest rate factors which were primarily influencing the currency markets at the moment rather than economic considerations. This created an exceptional opportunity for governments to co-operate on the economic front.

Inquiry into house insurance restrictions

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. GORDON BORRIE, the Director General of Fair Trading, is to carry out a further inquiry into the way building societies limit the number of insurance companies with which a home owner may deal.

This was made clear in the Commons yesterday by the Prime Minister when Mr Richard Needham (C., Chippenham) described the present situation as an "absolute scandal that had to dealt with."

The Director General originally intervened in the matter in 1978. Until then a building society stipulated the insurance company with whom a mortgagee must take out property insurance.

The building societies received a commission for bringing the business to the insurance company and the system led to widespread claims that consumers were being denied a choice.

After the original discussions with the Director General, the societies agreed to provide the mortgagee with the names of more than one insurance company.

Despite these changes, there have been further complaints that the choice is too restrictive.

The building societies, however, maintained that the system enables them to make sure that the insurance company is sound and has a satisfactory record of service. A householder may often take out a policy with a company not listed by the society if he can prove that it is satisfactory.

Mr. Needham said yesterday that most building societies insisted that house insurance is channelled through them. He said that this meant that premiums were often 50 per cent higher than could be found in the open market.

Fabians vote to restrict eligibility

By Elinor Goodman, Lobby Correspondent

The Social Democrats are to lose their rights as members of the Fabian Society. In one of the highest polls in its 81-year history, the membership has voted in favour of restricting full membership in future to those eligible for Labour Party membership.

This means that anyone who is a member of a rival political party will in future be barred from full membership of the Fabians.

Mrs. Shirley Williams has already resigned as chairman of the Fabians. But the vote, which aroused very strong feelings among some members, means that around 250 SDP members will now have to resign their full membership along with any Communists. Outsiders will be able to attend meetings if they wish as associate members.

Last night, Mrs. Williams said she thought the Fabians might have "committed suicide" by their decision. Democratic socialism was not the monopoly of the Labour Party. She warned that those who were looking for a free exchange of ideas might now have to set up a new forum as an alternative to the Fabians.

The Fabian Society, founded by Sidney and Beatrice Webb in 1900, prides itself as being a source of radical socialist idea, and has long links with the Labour Party which it helped to form.

But until now membership has technically been open to anyone broadly sharing the society's socialist ideas and its belief that dogma is no substitute for debate. Formation of the Social Democrats earlier this year, however, put the society on the spot and, after much discussion, its executive decided to recommend the rule change to members.

The result of the ballot announced yesterday produced a majority of 201 in favour, with 1,544 voting for the change and 1,343 against. The narrowness of the result is indicative of how finely balanced the argument has been.

Those in favour of the change argued that the Fabians were an integral part of the Labour Party and that it would be incompatible with its commitment to the party to allow members of other parties to stay within the society.

Orme turns on Benn and itemises policy stand by front bench

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

ANOTHER Shadow Minister yesterday turned on Mr Tony Benn and produced a detailed rebuttal of his allegation that the Shadow Cabinet was failing to carry out party policy.

Mr Stan Orme, the Shadow Industry Minister, said it was necessary to put the record straight following recent public statements (he did not mention Mr Benn by name) that Labour policies in the economic and industrial field "as determined by party policy" was not being carried out by Labour's front bench.

In fact, Mr Orme claimed, all his own actions since taking over as Shadow Industry Minister had been based on a statement of party conference and manifesto decisions produced for him by Labour's research department.

But he stresed that there was much work still to be done in this field before Labour produced a comprehensive agreed policy.

Mr Orme is a long-time member of the Tribune group and is one of the Left-wingers within the Shadow Cabinet. Once he might have been regarded as a potential ally of Mr Benn. The fact that he too has turned on him shows how isolated Mr Benn has become from the mainstream of Left-wing opinion at the top of the Parliamentary Labour Party.

In his speech in London he also provided a summary of what Labour has been doing on *the industrial front since* Mr. Michael Foot took over.

Among a long list of points which the front bench has made he included:

- A commitment to restoring the public monopoly in posts and telecommunications.
- A promise to re-nationalise Cable and Wireless.
- Calls for more money for the National Enterprise Board and the creation of a National Investment Bank to be financed out of North Sea oil revenues.
- Calls for import controls to protect a whole range of sectors, including textiles and the motor industry.
- A demand for ICL to be brought back into public ownership.
- *Support for British Steel and* BL.

Mr. Orme said other subjects, such as industrial democracy and future public ownership, were being discussed jointly with the TUC and the national executive of the Labour Party. Special consideration [illegible] also being given to regional policy.

He insisted that party policy had not gone by default but rather had been "actively and vigorously pursued."

Union of Labour clubs decide to back Healey

BY ELINOR GOODMAN AND PHILIP BASSETT

MR DENIS HEALEY yesterday picked up the support of the National Union of Labour and Socialist clubs in his campaign for the deputy leadership.

The clubs will only have 25,000 votes in the new electoral college, but their decision to back Mr Healey will be particularly gratifying to him. In the elections for the party's National Executive they usually vote for the Left-winger Mr Leslie Huckfield and they therefore might have been expected to vote for Mr Tony Benn in the deputy leadership contest.

Given the way big union votes look like being divided fairly evenly between Mr Healey and *Mr Benn, it could* be that the votes of some of the smaller affiliated organisations will decide the day.

So far, Mr Benn has done well, picking up support among the smaller unions. The decision of the Labour clubs will help offset some of Mr Benn's gains. It may also suggest that Mr Huckfield may face some difficulty in getting re-elected to the executive this year.

The train drivers' union Aslef, which last week pledged its support to Mr. Benn in the campaign, is to write to Mr. Michael Foot (Labour leader), asking him his view on the role of the party's annual conference in decision-making.

The union's letter was being seen as a criticism of both Mr. Healey, for allegedly flouting conference policy, and Mr Foot both for being close to Mr Healey's position and for his attack at last week's Shadow Cabinet meeting on Mr Benn.

Mr Ray Buckton, ASLEF general secretary, said yesterday that recent developments in the party—believed to be a reference to Mr Foot's criticism of Mr Benn last week—had both surprised and shocked him. One of the main purposes of an election was to hear the views of the candidates.

Jenkin to preview ITV film on mental hospitals

FINANCIAL TIMES REPORTER

MR PATRICK JENKIN, Secretary of State for Social Services, plans to attend a preview today of a controversial independent television film about hospitals for the mentally handicapped which is due to be screened tonight.

He was answering a call during Question Time in the House of Commons yesterday that he act to "prevent distortion and unfair portrayal of the National Health Service."

Mr Jenkin told MPs: "I am hoping to see the programme tomorrow because I want to see what all the fuss is about."

The call by Mr Jonathan Aitken (C. Thanet E) followed an attack earlier in the day by Sir George Young, the Health Minister, who said the ATV film Silent Majority "did not paint a true picture of hospitals." Sir George was speaking at a conference on the care of the mentally handicapped.

Mr Aitken asked Mr Jenkin what representations he or the health authorities concerned were making to the Independent Broadcasting Authority about the programme.

It contains a scene in which a 14-year-old is said to be tied up for five hours a day at St. Lawrence's Hospital at Caterham, Surrey, and a "cage" in Borocourt Hospital near Reading, Berkshire, where patients are locked up.

Mr Jenkin said he wanted to see a closer understanding between broadcasting and health authorities. "I encourage health authorities to collaborate whereever possible with broadcasting authorities," he commented.

Last week he ordered the two area health authorities concerned to check allegations made in the film and to report.

At a Press conference yesterday Berkshire AHA said it was gravely concerned at the methods the film's director used to obtain his footage. "His conduct was deliberately deceitful and shows a callous disregard for the feelings and the rights of patients and their leatives."

Levy clause passed on second try

By John Hunt,

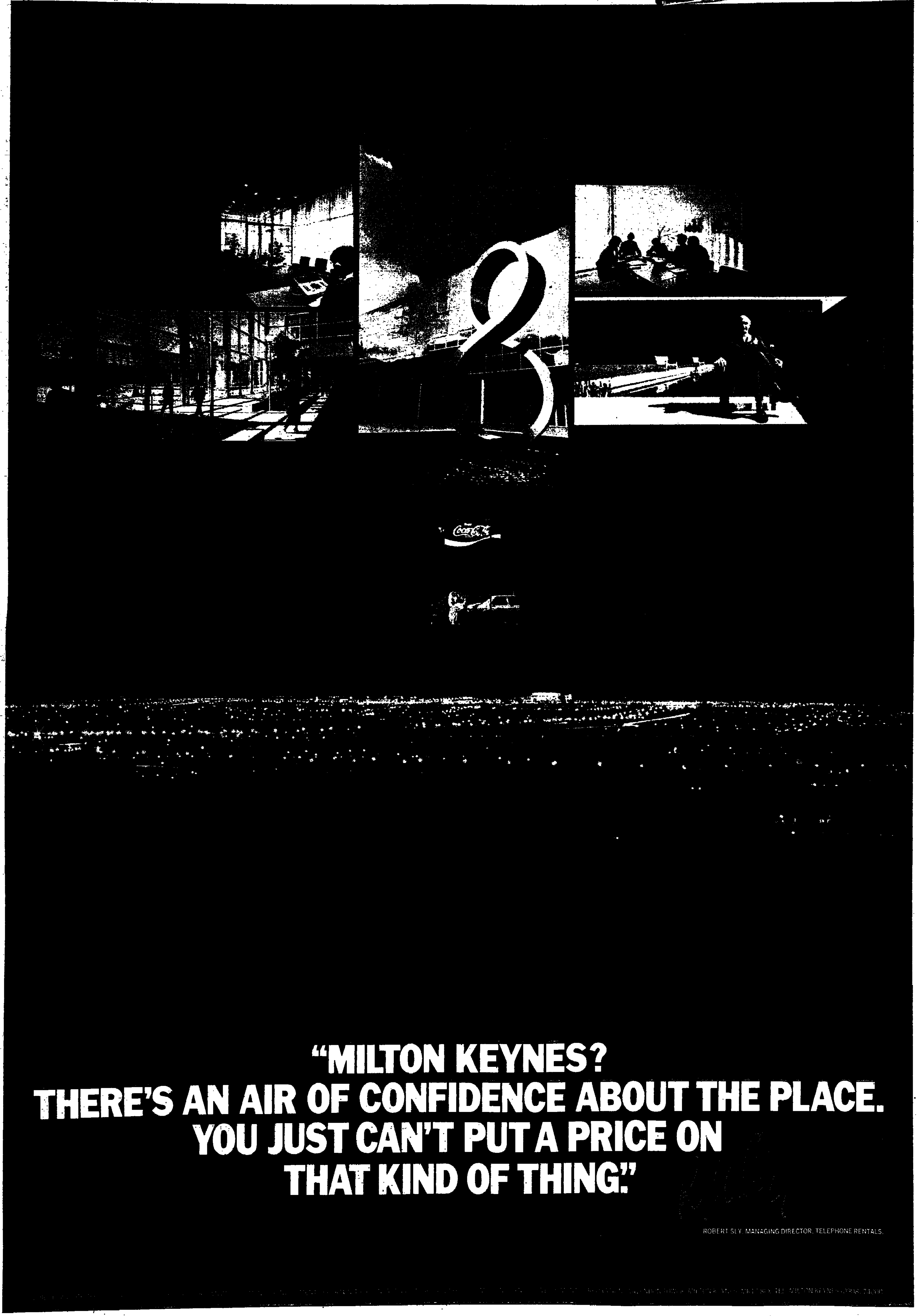
FIRMS WHICH move into new enterprise zones will not be required to pay the statutory training board levy under a new clause introduced into the Employment and Training Bill last night.

During the earlier committee stage of the Bill, the clause had been rejected by Labour MPs with some support from the Conservatives.

But on a second attempt during the report stage last night, the Government succeeded in adding the clause to the Bill by a majority of 56 (249-193).

Mr James Prior, Employment Secretary, said fears had been expressed that giving employers relief from training levies would encourage "fly by night companies." To meet this objection, the new clause gave his reserve powers to withhold the relief.

Mr Barry Jones, a Labour employment spokesman, criticised the new clause as "miserable

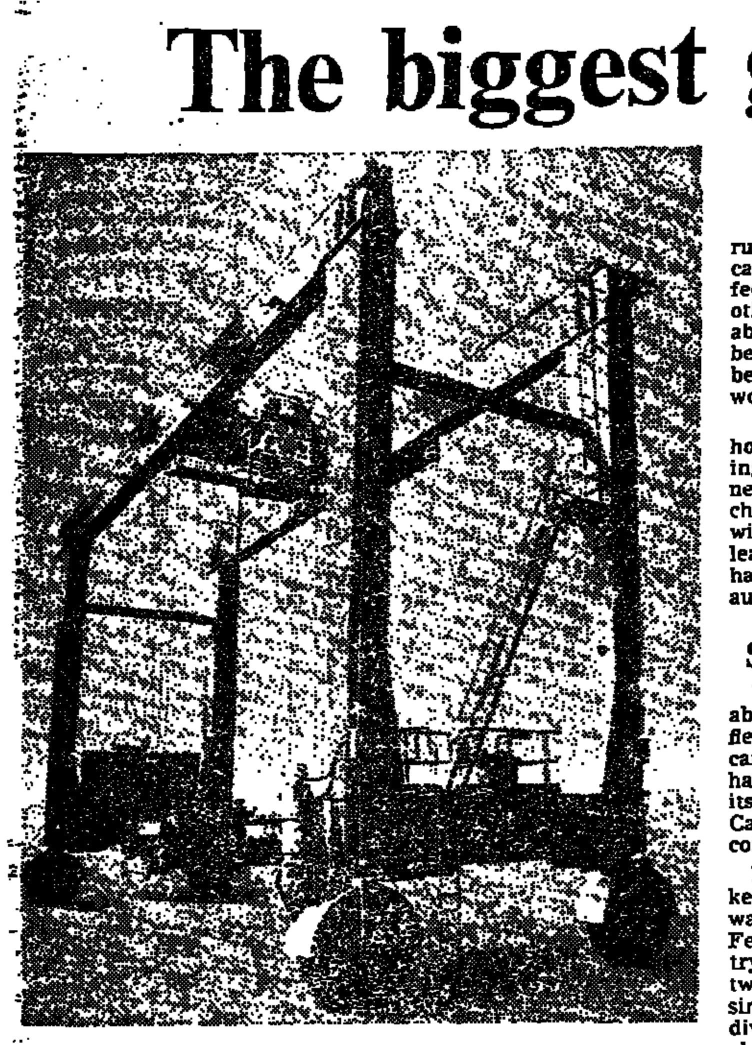

"MILTON KEYNES?
THERE'S AN AIR OF CONFIDENCE ABOUT THE PLACE.
YOU JUST CAN'T PUT A PRICE ON
THAT KIND OF THING."
ROBERT SLY, MANAGING DIRECTOR, TELEPHONE RENTALS.

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

The biggest gantry in the world

BY RHYS DAVID



FERRANTI'S giant gantry crane. At six feet in your socks you would just come level with the top of the wheel.

A *four-wheeled, self-propelled,* rubber-tyred gantry crane that can lift a 9 ft 6 inches high, 40 feet long, container over three others and fit seven such boxes abreast between its legs has to be *one of the biggest vehicles* being made anywhere in the world today.

This is the size and scale, however, of Ferranti Engineering's FD40 Diamalift, one of two new products the Greater Manchester based group is hoping will maintain its position as the leading supplier of container handling equipment to port authorities around the world.

Strengthened

Ferranti claims as its own about half the installed world fleet of about *1,600 straddle* carriers and other container handling equipment, following its purchase in 1976 of the Van Carrier operation of the U.S. company, Clark Equipment.

Design, manufacture and marketing of the former Clark lines was transferred to Oldham, and Ferranti's position in the industry was further strengthened two years later when another similar business, the Karritainer division of Rubery Owen was also acquired.

Ferranti's move into a new generation of giant mobile cranes—to be made under licence from Diamond Manufacturing of Georgia—is based on the belief that port operators, particularly in developing countries, will increasingly want the extra sophistication which cranes can offer alongside straddle carriers.

"The straddle carrier offers a relatively crude method of *managing a container terminal,* allowing the individual port operator to place boxes where he wants them one at a time," *Peter Richards, Ferranti Engineering's* marketing director says.

"The gantry crane gives much greater density of stacking and hence a saving of space. The containers have to be placed in the right sequence in order to be retrieved easily, and there is, as a result, a greater need for pre-planning.

"Many ports, however, now have 10 years' experience handling containers and already work with the shipping companies on pre-planning, with the aid of data processing."

Ferranti's view is that port operators rather than settling for either straddle carriers or cranes will more and more want to mix the two types, though carriers will still substantially outsell the more complex cranes.

The second new product which the group has just launched, therefore, is a straddle carrier, the DP 35, which like the crane, is of double portal arch construction.

Safety

The carrier sells for about £230,000, compared with £350,000 for the crane, and both machines incorporate new performance, safety and driver comfort features.

It will have the ability, like the crane, to lift a 40 ton weight container over two others and will be able to move around the dockside at 15 mph. The eight-wheeled carrier will also run on only one of its two engines if the other fails, enabling it to be retained in service until the end of an operating cycle.

The four wheel Diamalift has its own optional anti-sway *system designed to ease handling* in windy conditions and a drive system which gives a high degree of manoeuvrability.

Both machines will be supplied in knock-down form, with the straddle carrier itself fitting neatly into a single container. The crane is too big for this treatment because of the size of the individual steel components.

Ferranti expects that in some cases customers will want to arrange local fabrication for these parts.

Amsterdam

The company is geared to produce about 45-50 units a year at Oldham, and employs 200 people. The carriers will be run, initially at any rate, alongside Ferranti's existing VC830 and 830L container handling equipment. The new crane will, however, supersede the present somewhat smaller Karrilift series.

A major drive is now on to win orders for the two new machines and so far three have been won for the straddle carrier, including a single sale to one of the biggest Amsterdam terminal operators, CTA.

Under the licensing agreement, it has with Diamond, Ferranti is entitled to sell the cranes throughout the world with the exception of the U.S. East coast and the Mexican Gulf.

With world trade in the doldrums because of the recession and port authorities in most countries seeking to make economies, securing orders will not be easy.

The new machines, according to Ferranti, have, however, given it a technological lead over its competitors which in recent years had caught up with the British group.

"*It is a very competitive* market but we now believe we are in the forefront," Mr. Richard claims.

Thermal imaging Sprite detector

MULLARD HAS made what it claims to be the most important recent advance in thermal imaging technology with its SPRITE infrared detector in which device simplification has *resulted in* a reduction of circuitry and a more compact system.

In its previous devices the company used a row of tiny infrared sensitive elements to obtain the pixel (picture element) data from one line of scanned image.

Up to eight elements (each about 100 microns square) had *to be used at once to get enough* sensitivity and they were arranged in a line in the direction of the scan. Since they were necessarily time-delayed along the picture line, the level from each had to be externally time-compensated to get a sharp pixel. The task was performed externally with relatively bulky circuits.

In SPRITE (it stands for "signal processing in the elements") the eight elements have become a strip of cadmium mercury telluride on a sapphire substrate *with only three electrical connections.* Excess current carriers are generated for each exposed area of the strip and, using a bias current they are made to drift towards the read-out connection at the far end. tion at the far end.

The drift velocity is quite high in practice and by correct choice of materials and bias it can be made to match the speed at which the image is being scanned. The per-pixel add-up effect is then the same as for the old separate element device.

In order to scan eight lines of a picture at once, Mullard has arranged eight strips one under the other: as the picture focal plane moves over it from left to right eight lines are scanned at once.

SPRITE is used in the eight to 14 micron wavelength band and because it has to work at 77 deg K is mounted in a Dewar encapsulation.

One advantage of a SPRITE equipped system is that with a reduced total component count (no external processing), the mean time between failures is improved. More on 01-580 6633.

Cleaning system for steel

COMPLETED stainless steel fabrications often need cleaning, especially after welding and other operations involving heat. For Poligrat of Birmingham (021-632 6888) this has *presented a marketing opportunity.*

Instead of immersion in special cleaning liquids (a process known as pickling) the company suggests that its Polinox spray-on process will not only reduce the cleaning costs by half but also produce a finish just as good as one resulting from pickling systems.

The method is said to be simple. The stainless steel component is first sprayed all over with a product called Polinox FL, which forms a moist tacky film. After about half an hour another product, called Polinox spray-on paste, is applied and left until it turns a green shade.

Time required for the process to be completely effective depends upon the amount of scale, heat discoloration and so on requiring removal, but one to two hours at 20 degrees C is said to be sufficient.

Leaving the paste on overnight does no harm to the metal, says Poligrat. The whole fabrication is finally thoroughly sprayed with water

The company points out that the paste is an acid-based *product and that precautions* similar to those required when handling hydrofluoric and nitric acids should be taken. Protective clothing is necessary and effluent rinse water has to be disposed of in accordance with local authority regulations.

Livingston introduces the Transring 2000 network

INTRODUCED BY Scientific and Electronic Enterprises of Livingston, West Lothian is the Transring 2000 local area network *system based on the* Cambridge Ring design.

Transring 2000 is a range of modules which can be connected together to provide a cost effective high bandwidth line transmission system which will link together computers from a variety of manufacturers.

The main point about the network facilities is that they are separate from the various computers that are attached: no single CPU is responsible for all the communications. Data movement takes place between nodes without intervention by intermediate host machines.

Data engineering the network proper has a standard format. The Transring protocol ensures that when a new processor is *added to the ring only a hard*ware and software interface between the new machine and the ring is needed to allow communication with all the processors already in the ring.

The system has efficient *throughput and high respon*siveness. Data transmission capacity is available on demand. More on 0506 411503.

Panasonic talking units an aid to calculation

ALTHOUGH talking calculation units have been introduced as teaching aids (Texas Instruments) — and have appeared as devices to help the blind — what appears to be the first *commercial device has now been* launched on the UK market by Panasonic — although it has available in Japan for some time.

No doubt others will appear, *their design made practical by* the development of integrated circuits that can perform such tasks in a very compact space.

The Panasonic unit is a 10-digit calculator in which anything that appears on the digital display also is heard coming from a small loudspeaker.

It has enough capacity to store and review as spoken numerals, an entire calculation of anything up to 255 steps, either one step at a time or without stopping.

Main benefit is that the user can check whole columns of figures or calculations

The machine has a voice *synthesiser with a 31-word* vocabulary and a three position volume control together with a voice on-off switch. There is also a three-speed switch to enable the voice read-out to procede at a convenient rate. More on Slough 75841.

Pipe cleaning with Elan

WATER APPLIED at a very high pressure is used in a machine devised to clean 5mm to 30mm diameter pipes ranging in lengths from 100m to 2,000m in any form.

The machine has been made to the special requirements of British Aerospace and is being used to clean the many different pipes that play a very import*ant part in the operation of an* aircraft.

It is a requirement of the machine that no particle larger than 11 microns (a micron is one-millionth of a metre) be left in the bore of a pipe.

Preformed pipes are treated in batches of five and it is claimed that the machine is unique in that all three functions of pressure testing, cleaning and drying are carried out in one cabinet. The machine was designed by Elan Pressure Clean, 9 Park End Street, Oxford (0865 724968).

Pressures used by the machine for carrying out the *pipe tests are from 40 to 6,000* psi and a tape readout gives confirmation of the test. Compressed air is used to dry the pipes and the water used is filtered and recirculated.

Mr J. M. Bartlett, a director of Elan Pressure Clean, says the company is now looking at other applications for machines of this type and is now devising an automatic means of detecting leaks as well as pressure testing.

POINTERS

Processing catalogue payments

THE DIRECT catalogue sales organisation Marshall Ward has taken delivery of the first Bell and Howell NXP 770 remittance processing system to be placed in the UK.

This organisation receives some 30,000 payments every day of which about 21,000 are cheques and postal orders sent through the post.

Previously, remittance processing was manual and it became very difficult to deal with all the transactions on the same day during peak periods.

The NXP 770 system at Marshall Ward incorporates a sorting system and ten letter opening machines plus microfilm retrieval processing. The equipment is valued at £350,000.

The operator keys in details of the amounts received in each case and the machine compares the data with that on the *remittance advice which it has* previously read.

If all is well, the terminal automatically encodes the payment with the amount, prints an, audit trail across both remittan. advice note and payment, microfilm both documents in the same frame, endorses the payment (cheque etc) ready for bank deposit and writes all the data away on to magnetic tape.

TV post

BY THE end of next year Rohde and Schwarz will have completed a remote television station monitoring system for the Deutsche Bundespost in which all 90 German TV stations will be monitored for technical parameters via 14 control centres.

Status messages are electronically encoded by the test equipment at each of the transmitting stations, delivered to the control centre, decoded and displayed.

At a single glance complete information is provided on the whole of the TV transmission system. Detailed printouts, showing all the data measured *at each of the transmitter loca*tions can be called up simply by keying in the necessary instructions.

By using further modems and an additional terminal the data can be called up when needed over the public telephone network without causing any interruption to the broadcasting.

Dud coffee

OFF-FLAVOUR coffee beans cannot be detected by the human eye, but Gunson's Sortex has a machine which uses ultra violet light to detect the bad beans and which removes them before the rest go on for roasting.

The machine will sort out the beans at a rate of about 200 to 250 kg/hour and the bad ones, known as "stinkers," fluoresce so that the machine will recognise them. As soon as each bad bean is detected a compressed air gun comes into operation and deflects the bean into a reject channel.

Gunson's Sortex (Fairfield Road, Bow, London E3 2QQ) will send more information to anyone sufficiently interested (01-980 4888).

Prize for an effluent sampler

SAMPLE check on the degree of pollution in factory effluent

The charges made by water authorities — inevitably increasing — for the discharge of factory effluent into the sewerage system are partly based on the degree of pollution of the effluent and it is *therefore important to be able* to measure this economically and accurately.

Peter Smith and George Levy recently devised an automatic sampler for the purpose and won a £12,000 first prize in a competition sponsored by the Greater Manchester Economic Development Corporation. They have used the money to finance their new business, Epic Products, and develop more products. The sampler is to be marketed by Arkon Instruments of Cheltenham. (0242 27953).

The new unit uses a high speed peristaltic pump to lift the sample and maintain the correct ratio of solids to liquids. It is placed beside the water to be monitored and can be set to take samples at pre-arranged times.

It will also fit down manholes and its all-PVC and stainless steel construction makes it corrosion resistant. A bottler unit is built in.

Philips puts an abrupt end to 14 years of frustration

Jason Crisp and **Terry Garrett** report on the tense background to this week's disposal of CEI

ALL OVER the western world, large companies are "going back to basics"—selling off businesses which, in the new world of low, if any, growth, they see as peripheral, inadequately profitable, or both.

Yet some of the best-informed observers of Philips, the Netherlands-based electronics multinational, are baffled at the timing of its decision to put 20 of its British subsidiaries on sale this week, under the holding company banner of Cambridge Electronic Industries (CEI).

Behind the move lie 14 long years of uncomfortable cohabitation between a bureaucratic big business and a collection of small, entrepreneurial units, known within the parent company as the "B companies," they feel their development has been constrained under the Philips mantle.

Given this history, plus the fact that the 20 companies together have sales of only £85m, and that a quarter of them are unprofitable, it is not surprising that Philips should have wanted to dispose of them.

Grouped together under CEI, their joint profitability is expected to fall sharply from last year's £7.2m. Though profit slumps are nothing new in 1981, even for companies with a glamorously electronic veneer, it is nevertheless unusual to offer one for sale when its profits are going into reverse.

True, Philips does have worldwide cash flow problems. Two months ago it told shareholders that it was only likely to make a small recovery in 1981 after last year's 42 per cent fall to Fl 328m (£62.8m)—the lowest level since 1971. Drastic restructuring is in the offing and it has committed Fl 800m for a rationalisation programme of its operations—mainly European manufacturing activities. At least 20,000 jobs will go over the next two years.

But CEI will only raise £16m for Philips—which is retaining 40 per cent of the equity—and is hardly central to the Dutch group's restructuring. There seems no obvious reason to sell today; if the parent had held on a couple of years longer it might have been able to get a much better price.

Yet if Philips seems to be pushing CEI out of the door with indecent haste, its offspring equally has no desire to stay at home a moment longer. According to Richard King, CEI's 51-year-old managing director: "We have arrived at the point where we are in shape to make a move and on balance felt it right to carry it through now rather than wait."

For a group of small companies like those in CEI it must have been almost impossible to operate within Philips. If one small unit—perhaps with only a couple of million pounds of turnover—wanted to make a move involving even a small amount of capital expenditure, it would have to fight its way through layers and layers of management to get approval.

"CEI was of no long-term strategic importance to Philips," says Rupert Jones, the 64-year-old executive chairman of CEI. "We could not make any acquisitions or moves to expand. All our opportunities came to an end because we didn't have the ears of our masters." "The Philips' attitude was: go away, keep making profits but don't do anything" adds King.

Inevitably a sense of inertia crept over the front line management. The style of these small specialist companies should have been highly entrepreneurial but under Philips' hierarchical management they were being suffocated. Not surprising, then, that the CEI men felt that the sooner they could get out from underneath the Dutch giant the better off their companies would be.

Yet Philips was apparently not prepared to countenance selling some of them off to their own managers, thereby adding to the fashionable list of "management buy-outs." Apart from any other considerations, this was because it would have been left with the least successful subsidiaries on its hands.

Its 40 per cent stake is being retained "for the time being" and it will keep a couple of representative non-executive directors on the board. CEI will continue to be a preferred supplier to Philips—which will initially take 11 per cent of the Cambridge company's sales—and will also benefit from joint projects. But clearly the CEI management is now out on its own to sink or swim. Its past record and future prospects are examined in the article alongside.

CEI covers a broad range of manufacturing activities: components (all of them relatively low-volume items, as compared with the mass market nature of Philips' mainstream transistor and microcircuit businesses); defence systems of various types; and specialist engineering, a polyglot package which includes viewdata adoptors and numerically-controlled machine tool equipment.

Most of the 20 companies were former members of the Cambridge-based Pye group, in which Philips bought a majority holding in 1967. The acquisition was motivated essentially by Philips' interest in three Pye businesses: TV and radio sets, telecommunications, and broadcasting equipment.

It has taken Philips a long time to integrate these businesses into its worldwide product divisions; after buying full control of Pye's TV and radio business in 1977, it was not until two years ago that it really took the plunge on telecommunications and broadcasting, after first buying the 39 per cent of Pye that it did not already own.

This delay was partly caused by the fact that it was not *just the management* approach of what are now the small CEI units which clashed with the Philips style; the difference ran right through the Pye group.

Dr Constant Busch, finance director of Philips in the UK, describes the different styles in this way: Pye was highly decentralised, allowing the individual operating companies considerable independence. It had little vertical integration, preferring to buy in most of its requirements, including research and development.

Philips, by contrast, has been very centralised and is strongly vertically integrated, making most of its own parts rather than buying from outside, and spending large sums on research and development.

If Philips did not recognise the difference from the beginning, then some prickly Pye managers quickly let it show.

While the Philips stamp has been firmly imposed on the bulk of the Pye interests, most of these differences still remain as far as CEI is concerned. First that of size. The largest CEI company, Belling and Lee — not an original Pye company — had a turnover of only £11.3m in 1980.

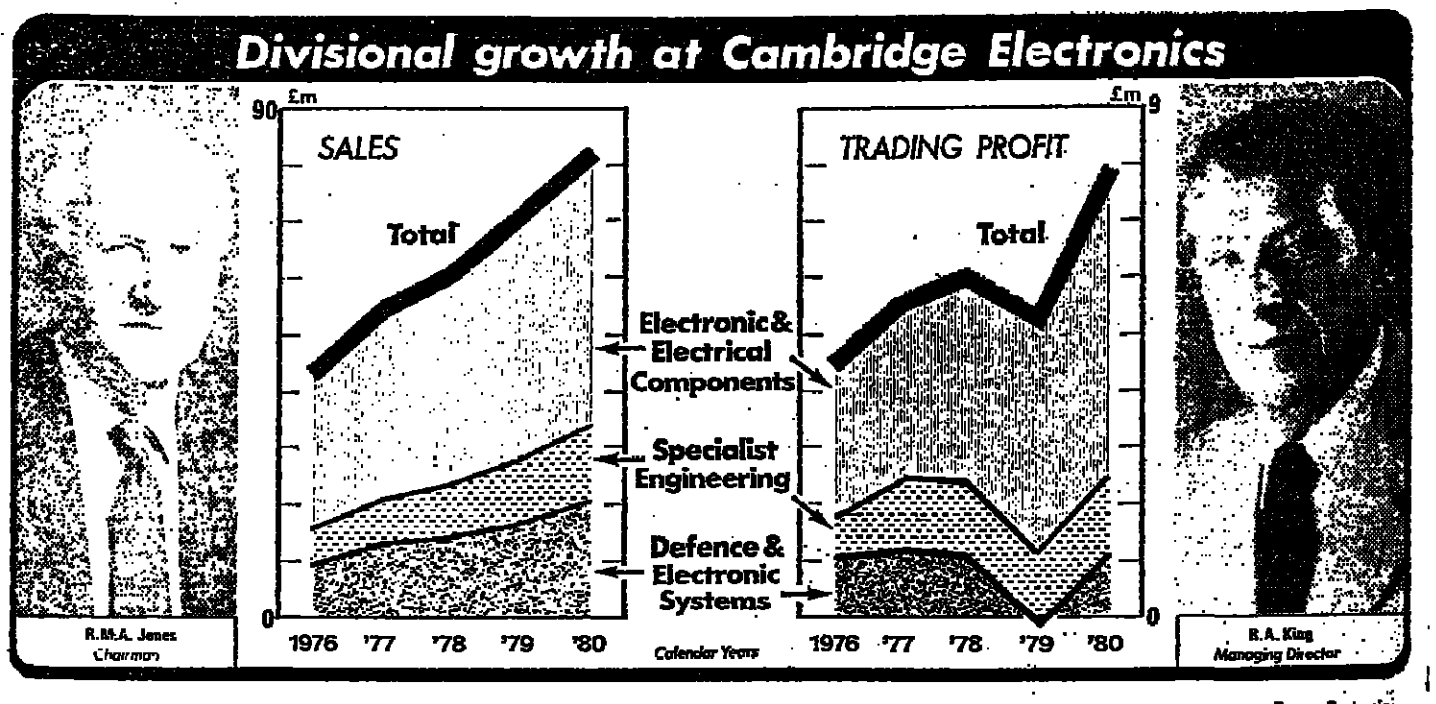
Secondly, as the offer document emphasises, Philips is organised essentially for high volume manufacture for international markets, while the CEI companies are involved in specialised components and equipment on a small scale.

The document also points out that their strength lies in their ability to respond quickly to customer requirements—Philips' lack of such flexiblity accounts for some of its current market problems.

A key handicap for small companies within a giant company umbrella are what Dr Busch calls the "fourth dimension," that of having to consider the implications of any decision for the rest of the group. If a small company sees a business opportunity which is open for, say two weeks, it will miss it if it has to exist within a large entity, he claims.

The same problem applies to acquisitions. Philips appears to think that CEI may have a number of opportunities to expand by buying other companies. Up to now it has been unable to make quick decisions because of the time it takes Philips to consider whether an acquisition would conflict with any other part of its giant empire or upset important customers.

Philips denies that these problems will continue after the flotation, despite all the links that will remain. It stresses that CEI will be run independently and cites Electronic Rentals, a TV rental company—in which it has a 34 per cent stake—as an example of how it can have a sizable shareholding and not interfere.



Brana Radovic

The new team gets to work

THE KEY question about the future of Cambridge Electronic Instruments is whether the management can succeed where Philips—by default—failed.

The central team of five executive directors, including the chairman, are all old hands from either Pye or Philips but only came together at the beginning of 1980 to run CEI. "And 1980 was a darned difficult year" says Richard King, the managing director. In other words, the new team has not had enough time to build up a track record.

Emphasising the point, Frank Moon, the finance director, adds "there was a lot of work disentangling CEI from the rest of Pye. We spent January to June sorting that out and June to December building the company up." But by the tail end of last year the recession was really making itself felt in order intake levels.

The profits record to date is certainly unexciting, as the graphs show. Between 1976 and 1980 sales virtually doubled to £83m, but pre-tax profits ran as follows: £4.1m, £5.2m, £5.5m, £4.5m and £6.2m. But both the last two years' profits have been distorted by the new management's actions to knock the defence business into better shape.

Graseby Dynamics was losing money on fixed price contracts. According to Moon "It only really surfaced in 1979 how bad it was. Graseby was in effect going round with the begging bowl to get ex-gratia payments from its customers."

Moon changed the stock valuations and the normal £1.1m trading profit from defence was transformed into a £100,000 loss for 1979. Last year £1m was wiped off the pre-tax level as the new broom swept through Graseby and Pye Electro-Devices.

Apart from these particular actions the new management has dramatically trimmed back the overheads. Over 1,200 people were cut from an original workforce of around 6,000 and financial controls have been tightned.

Yet beyond the immediate problems of grappling with the recession the top men claim to see a new dawn. Their philosophy is to return the entrepreneurial spirit to the operating subsidiaries.

"We are trying to encourage authority and responsibility in individual companies," says Rupert Jones, promising that the local chief executive will get minimal interference from head office. "There can be no excuses that somebody else is letting him down. He, and he alone, is answerable."

Each company submits annual budgets and there is a rolling four year development plan. The results are monitored by monthly management accounts, though some information comes through more regularly. The concept is in total contrast to Philips' style. "But we come down on them like a ton of bricks if they start missing budgets," throws in King.

Even if some of the companies lack any logical place in CEI, the directors are not planning any disposals. But "nothing is for ever," emphasises King.

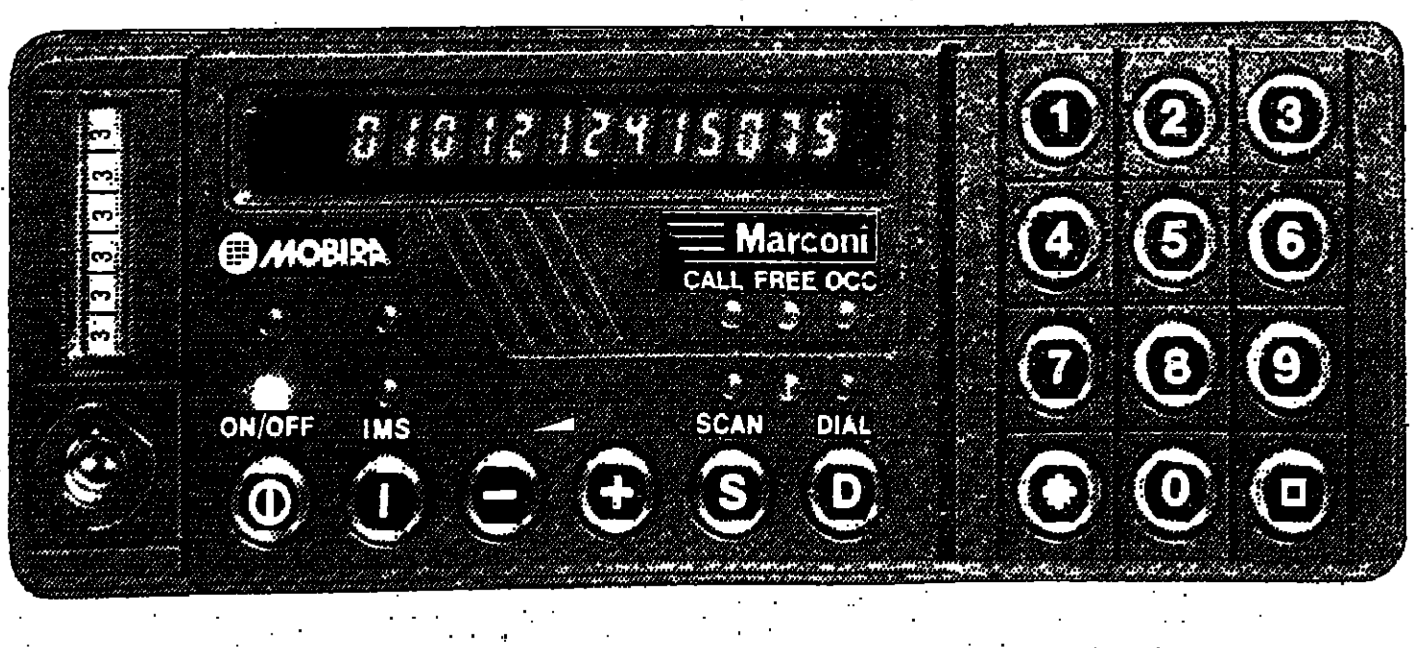
His thinking is very much towards acquisitions. Freed of the Philips yoke, CEI is toying with two or three possible ones.

The directors also believe CEI will find it much easier to form joint ventures and reach more licensing arrangements without Philips. Discussions with more than one U.S. company are going on and in France CEI is talking to a company manufacturing revolutionary terminal key boards.

Within CEI there are companies which appear to have a very lively future, as well as those which frankly have not. The mixture is reflected in the price Philips is asking potential investors to pay—75p a shares. An above average dividend is being promised and an offer price only 12 times fully-taxed earnings based on a conservative profits forecast is hardly a high technology glamour rating.

However, CEI's top managers believe they have set the groundwork for sound growth. While it may still only be a gleam in their eyes, it is hard to imagine that they could do any worse on their own than they would have done languishing still longer in the forgotten backwaters of Philips.

TG



LOMBARD

At the mercy of the markets

BY DAVID MARSH

THAT GRINNING genie Market Forces has been uncorked from his bottle with a whoosh—and it turns out that he's not such a benign old spirit as Mrs. Thatcher and her band of sorcerer's apprentices had always thought.

Sterling's sharp fall, which risks adding to Britain's inflation rate as well as prolonging the recession, is a natural adjustment to the over-valuation during the last 18 months.

Recovery

The drop may have some way further to go. The pound still looks much too high against the low-inflation D-Mark and Swiss franc. When the long-delayed recovery of the battered Continental currencies eventually materialises, it could be explosive.

Now that the pound is at least sharing in the bashing handed out to the rest of the world by the sky-high dollar, the Treasury might care to reflect whether its policy of leaving exchange rates—and the *economy—to the mercies of the* markets is really such a good wheeze after all.

Not that there is much the Government could do about it anyway. Compared with America's red-meat monetarists, the most ardent laisser-faire *luminaries this side of the* Atlantic look like lily-livered milksops.

In the face of a U.S. administration that appears to have abandoned international responsibility for the dollar, Mr Gordon Richardson, the Bank *of England governor, is putting* it much too mildly when he talks of keeping a hand on the tiller, he and other European central bankers have no choice but to lash themselves to the helm and hang on for dear life.

In his statement on the *dollar on May 4, Mr Beryl* Sprinkel, the U.S. Treasury under-secretary, said America intended to continue currency intervention "when necessary to counter conditions of disorder in the market." In fact, since April the U.S. does not *appear to have intervened at* all—in spite of the dollar's 10 per cent trade-weighted rise and conditions that have been anything but "orderly."

Mr Sprinkel believes that the exchange rate is dictated solely by the money supply. This half-baked notion cannot, however, explain why the Bundesbank is stuck with a plummeting D-Mark after reducing real German money supply growth to almost zero during the past 18 months.

The sole reasoning that the monetarist theorisers can offer is that, like bumbling biochemists who use the wrong amino acids in their DNA experiments, the Germans somehow irrevocably stored up trouble for the future through overshooting their money supply target by all of 3.5 percentage points three years ago.

Mr Sprinkel believes that "exchange rates reflect the outcome of a large number of decision makers with each evaluating a complex array of information about political and *economic developments worldwide.*" Why should governments risk public funds to intervene, he asks, when "markets have become more efficient in evaluating and adjusting to new information?"

To know the answer to that, Mr Sprinkel should have accompanied the senior American foreign exchange dealer with whom I lunched in London last week.

Volatility

My lunchtime companion works extremely successfully for a large U.S. bank that has been making tidy profits out of recent volatility. He says that the foreign exchanges are naturally prone to over-shooting because *of the sheer weight of funds* brought to bear on the rates and the herd-like way that market participants react to catalysts like last week's drop in Mexican oil prices.

The currency markets are often highly illogical too, he *says. "Economists tell me that* the D-Mark is undervalued. All I can say is, yes, you're right—and it's going to be even more undervalued next week."

He predicts however a sharp rebound for the D-Mark in between three and nine months' *time as the markets finally wake* up to Germany's big jump in export competitiveness. "If we get any currency stability in the months ahead—it will only be by accident."

Even the wettest season has its rewards

GARDENS TODAY

BY ROBIN LANE FOX

WHENEVER the rain stops, our gardens still look marvel*lously fresh.* It is all a marked contrast with last year.

In the dullness of 1980, you may have forgotten that awful spell of early summer drought which lasted through May and early June. This year, the sequence has gone into reverse and brought different rewards along with the usual hazards. I will take my hazards first.

Aphis are hatching all over the rosebuds and I never remember so many snails. They are sliming a path up the leaves of my irises and are ruining the buds on that prince of all yellow varieties, Starshine. Nearby, they have already chewed holes in the rich leaves of my maturing hostas.

Soft carpet

I *cannot* blame them. If I had to eat my garden, the hostas would only be excelled on the menu by the tips of the young campanulas.

In self-defence, I am glad of a curious alpine plant which is generally known as raoulia. This plant from the Antipodes makes a felt carpet of silver green leaves which are as spongy as a blanket of moss. At night slugs and snails meet for a quiet snooze on the yielding pile of its soft carpet.

If you go out with a torch before midnight, you can catch them relaxing and whisk them into a flowerpot for death by squashing.

The raoulia does not flower, so you have nothing to lose by offering it as bait.

Elsewhere, this has to be the best year on record for all sorts of coloured and variegated leaves. The wet weather brings out their full freshness and makes me glad that I have given space to so many odd forms of familiar plants.

The finest is the variegated form of philadelphus which I bought some years ago from Sherrards near Newbury, Berks, one of its few suppliers. The leaves are marked heavily with cream white and sometimes lack any green at all, so they stand out like white butterflies in the semi-shade which they prefer.

The white flowers are almost lost in the joints of these pale leaves, but they give themselves away by the heavenly scent which is common to all their families. This variety is the wild coronarius which ran wild in Victorian shrubberies and was then ignored when garden hybrids began to show bigger flowers.

With variegation, these mock orange blossoms make modest shrubs when their flowering season is over. Their scent makes them an essential plant for any garden and a marvellous choice for a wild walk, a woodland or the underplanting of an avenue. But my variegated form is never dull in summer and does not grow much above five feet.

Its golden leaved brother is better known and can be pruned down to a height of three feet near the front of a shaded border. It, too, has been revelling in rain and will soon bear those small flowers with the sweetest scent of tangerines. It is less reliable than the variegated form, so I hope that gardeners may start a demand for a shrub which increases freely from cuttings but is still missing from most nurserymen's long list of its family.

Variegated irises have proved equal so far to the snails and I will only repeat my past favours for all of them, especially the grey and ivory white markings on the easy variegated form of the little iris Pallida.

These make perfect pairs to the early dianthus or the deep blue mass of flower on a June veronica. Last year, I had a good run of the lilac-mauve viola sold as Hazelmere which matched them as well as I could wish. The wet winter killed half the violas, but the rains have done wonders for the irises' leaves. I would recommend its association to anyone with space in front of a well-drained border.

For dry and impossible shade, take a look at the variegated form of my old friend geranium macrorrhizum. This year I see its beauty as the cream and green markings on this wonderful cover are fresher than ever. As often, the marked form is slightly weaker than the green one, but it has a brightness which persists in shade when the lilac pink flowers have faded.

I rate its plain leaved brother as one of the best plants for *impossible places,* but the variegated one is more special and can be bought from Beth Chatto, Elmstead Market, Colchester, Essex.

From the same source you can enjoy its nearest pair, the white and yellow markings on an astrantina called Sunningdale variegation.

This is an exceptional plant, one of the loveliest sights in April and May when its mound of stems is growing to a height of a foot or so, preparing for *flower spikes another* foot above them.

The flowers are more exciting to florists than to most gardeners, though the pink forms combine with flowers of a similar pink and dusty lilac. They are those little flowers in June and *July which look as if* they had been dried before opening their central discs and ruffs of green and white outer petals.

As in their native Alps, the ordinary forms will grow in any deep soil in shade, but this wonderfully marked form is better for the damp soil which makes its leaves so lush. This year it has been spectacular. I wish that more owners of dark town gardens knew and grew it. It divides easily, so you only need one piece at a high price.

Oddly, another favourite, the climbing Golden Hop is best in damp weather. Ideally, it seems to like a sunny wall above a soil which never quite dries out. It has many keen followers in these days of quick screens and protections from troublesome neighbours and modern buildings. If you cannot find the seed, Beth Chatto and other discriminating nurseries will start you off with a healthy pot-growing plant. I am very fond of it. So are urban gardeners who have to use every inch of vertical space in their restricted gardens, whereas country dwellers have been slower to wake up to it.

I remember a lovely pairing of this gold-leaved climber with the bold cabbage-like leaves of the green bergenia called Ballawnui Hybrid. In a damp Irish climate their leaves have become particularly fresh and well matched. This year, English weather has given us, too, a hint of help at their best.

Finest of all, to my eye, has been the leaves on an unusual form of the good old pulmonaria, or spotted dog. I first noticed this at Sissinghurst Castle where its mats of silver marbled leaves had spread behind the biggest plantings of old roses and Viola Hunterscombe Purple. Called Saccharata Ar*gentea, it is an unjustly* neglected beauty.

Marbled look

In a cool and shaded place the leaves will grow nine inches *long and have* the marbled appearance of fine end papers in a book. Though rough to the touch, they are smooth on the eye and are one of the few plants with frosted leaves which deserve the name of silver. The richer the soil, the finer their leaf, the frequent fact about these variegated forms.

This recent weather has encouraged them to grow into clumps which will block out all weeds. When the purple and lilac bunches of flower are out this month on Britain's old-fashioned roses, these silvered plants would be a perfect match for the mildews and usual diseases on those desirable but sickly shrubs.

Even the wettest seasons have their rewards. Despite the slugs *and gree fly, these lush* variegations are worth looking out for between the storms.

Sharlie's Wimpy hard to beat

RACING

BY DOMINIC WIGAN

SHARLIE'S WIMPY, whose lack of experience cost him victory over Wicked Wave and End of the Line in Bath's Downs Stakes 10 days ago, will prove difficult to contain in today's renewal of the five-furlong Berkshire Stakes at Newbury.

The Paul Cole juvenile, who was making his racecourse debut on that picturesque downlands track when he lost by half a length, receives 4lb from the recent winners, My Dear Fellow, Prairie Dunes, and Tender King, this afternoon. That factor, combined with the probability of less testing ground than Bath's, sways me in his favour.

Again ridden by Pat Eddery, Sharlie's Wimpy is preferred to My Dear Fellow, whose limitations were exposed at Epsom last week.

Michael Jarvis has seen his fortunes swaying between extremes in the past few weeks and little would probably surprise him—certainly not a reappearance victory by Seasurf, for whom he has secured Carson, in the one-mile Hermitage Stakes.

A lightly-raced Sea Epic filly owned by Lady Beaverbrook, Seasurf got off the mark when beating Red Gloves with the minimum of fuss in a 16-runner Maiden at Sandown 11 months ago. Seasurf, who went on to run well in smart company, notably when chasing home Boathouse in the seven-furlong Radley Stakes here, is taken to bustle up Mr Robert Sangster's six-lengths Haydock winner, Herbie Quayle, without, perhaps, mastering that favourite.

In the north, both Vaigly Star and Canoodle look sound bets to oblige at Beverley's evening meeting. Vaigly Star, a half-sister, as her name suggests, to the top-class Vaigly Grate, did extremely well to run Fimi to 1½ lengths at Leicester on her racecourse debut and ought to have no problems in lifting the valuable Hilary Needler Trophy.

NEWBURY

2.00—Woollisa
2.30—Herbie Quayle**
3.00—Red Gold
3.30—Sharlie's Wimpy***
4.00—Home on the Range
4.30—Sir Doro

BEVERLEY

7.10—Westacombe
7.35—Vaigly Star*
8.05—Creamy
8.35—Tallishire Homes
9.05—Canoodle

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 10.00 For Schools, Colleges. 11.25 You and Me. 11.40-1.12 pm For Schools, Colleges. 1.12 Regional *News for England (except* London). 1.15 News. 1.30 Bagpuss. 2.01-3.53 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (As BBC 2 11.00 am). 4.20 Hong Kong Phooey. 4.30 The Enchanted Castle, by E. Nesbit. 5.00 John Craven's News*round.* *5.10 Wildtrack.* *5.35* Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 The Wonderful World of *Disney.*
7.45 "Back To The Egg," starring Paul McCartney and Wings.
8.15 Wildlife on One.
9.00 News.
9.25 Moviola — The Silent Lovers: Garbo and Gilbert.
11.00 Paperbacks.
11.35-11.40 News Headlines.

All Regions as BBC 1 except as follows:—

Cymru/Wales—2.18-2.38 pm I *Ysgolion: Hyn O Fyd.* *5.55-6.20* Wales Today. 7.00 Heddiw. 7.20-7.45 Goreuon Gwynfryn. 11.30 News Headlines; News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.30 News Headlines; News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.30 News Headlines; News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (*Plymouth*).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Take The Mike.
7.25 Mid-Evening News.
7.35 Did You See . . . ?
8.10 Lost Kings Of The Desert.
9.00 Rhoda.
9.25 Private Schulz.
10.15 Personal Pleasures with Sir Hugh Casson.
10.45 Newsnight.
11.30 The Pursuit of Power: Robert McKenzie talks to The Rt Hon Norman St. John-Stevas, MP.

LONDON

12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live From Two. 2.45 Big Shamus, Little Shamus. 3.45 Play It Again. 4.15 Tweety Pie. 4.20 How. 4.45 Into The Labyrinth. 5.15 Here's Boomer.

5.45 News.
6.00 Thames News.
6.25 Help.
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Video Entertainers.
8.30 *Have I Got You . . . Where You Want Me?*
9.00 Silent Minority.
10.00 News.
10.30 The 1981 Tony Awards, hosted by Richard Chamberlain and Ellen Burstyn.
12.15 am Close: "Sit Up And Listen," with Paul Johnson.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 The Ante Room. 6.00 About Anglia. 12.10 am The Big Question: "Is believing in God and angels any different from believing in fairies and ghosts?"

ATV

1.20 pm ATV News. 2.45 The Ante Room. 5.15 Square One. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today including Police Five. 12.15 am ATV News.

BORDER

1.20 pm *Border News.* *2.45 Fantasy* Island. 5.15 University Challenge. 6.00 Lookaround Wednesday. 12.20 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and Weather. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Channel Report. 12.15 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Ante Room. 5.15 Different Strokes. 6.00 North Tonight. 10.30 Tenspeed and Brown Shoe. 11.30 *North Headlines. 11.35 Seachd Laithean* (presented in Gaelic).

GRANADA

1.20 pm Granada Reports. 2.45 Doctor's Private Lives. 5.15 Square One. 6.00 Granada Reports. 6.25 This Is Your Right.

HTV

1.20 pm HTV News. 2.45 Chopper Squad. 4.45 Bailey's Bird. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Into the Labyrinth. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-5.15 Tân Yn Y Môr. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 The Ante Room. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talkback. 6.30 Down To Earth. 10.30 Late Call. 10.35 Paris By Night. 11.05 Tennent's Golden Arrow Darts. 11.45 Seachd Laithean.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Story Hour. 3.15 Life Begins At Forty. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-Week (South-East area only).

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News. 1.25 Where The Jobs Are. 2.45 Young Ramsay. 3.15 Life Begins At Forty. 5.15 The New Fred and Barney Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North-East News. 12.10 am The Mysterious Power.

ULSTER

1.20 pm Lunchtime. 2.45 The Ante Room. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.29 Ulster Weather. 12.20 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Ante Room. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 The Ante Room. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions).

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Reid. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter *Powell.* *7.00 Radio 1 Mailbag.* 8.00 Richard Skinner. 10.00-12.00 John Walters (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 The Ed Stewart Request Show. 4.00 Steve Jones (S). 5.45 News and Sport. 6.00 David Symonds with Much More Music *(S).* *8.00 Listen to the Band (S).* 8.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Sports Desk. 11.15 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: Henry and William Lawes (S). 9.35 Stephen Savage piano recital (S). 10.15 Chilingirian String Quartet (S). 11.20 Tippett song recital (S). 12.00 Northern Sinfonia Orchestra (S). 1.00 News. 1.05 *Concert Hall (S).* 2.00 Music Weekly (S). 2.50 Halle Orchestra (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Elgar (S). 7.15 Real Lives. 8.00 BBC Symphony Orchestra in the Far East, concert, part 1 (S). 8.50 Six Continents. 9.10 Concert, part 2 (S). 10.15 The Toccata and Fugue in D Minor (S). 11.00 News. 11.05-11.15 Piano Nocturne by Wilhelm Killmayer (S).

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.35 am and for students in Scotland, Wales and Northern Ireland only: 12.35-12.55 am.

RADIO 4

6.00 am Newsbriefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the *Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day, 8.35 Yesterday in Parliament.* 9.00 News. 9.05 Mid-Week: Russell Harty's People. 10.00 News. 10.02 Gardeners' Question Time visits County Derry, Northern Ireland. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 *It Makes Me Laugh with Michael* Bentine. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Bean on the Borders. 4.00 Choral Evensong (S). 4.45 Story Time (Mary Barton by Mrs Gaskell). 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Choosing a Degree Course. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkein (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Cricket coaching. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

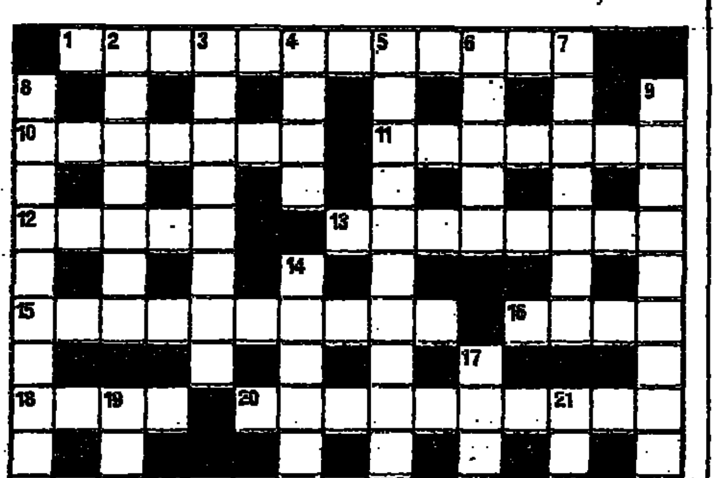
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night *Extra.* *4.00 Network.* *5.00 Morning* Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen continued. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sach's Late Show. 12.00 *Midnight Special.*

F.T. CROSSWORD PUZZLE No. 4,590



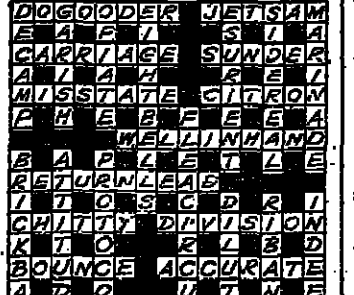
ACROSS

1 One of a group not attached to lichen (7, 5)
10 Little figures can be *exponents of great power* (7)
11 Tie a dog loosely—you'll find it's a bloomer (7)
12 Undetermined against fever (5)
13 One step follows another in charm (4-4)
15 Peasants have a meal on a country bench (6, 4)
16 Preserve about fifty in a tribe (4)
18 Strikes success more than once (4)
20 Stick sugar here or vice versa (5, 5)
22 Cite Pope possibly, and get Milton (4, 4)
24 *Not one of 18, but it counts* as one (5)
26 Make a sound resolution in Scottish district (7)
27 Plenty of trouble at the start of the play (4, 3)
28 Meteoric filming of leading actor (8, 4)

DOWN

2 "And feed on prayers which are —— alms" (Peele) (3, 4)
3 Undue delay is the fatal spinstress (8)
4 Flair — you can bet on it (4)
5 He's sweet on young birds, and they get sweet on him (5, 5)
6 Not an up-to-date number (5)
7 Its role as a seaside resort (7)
8 Unwelcome intruders disturb the ageing blonde (6, 7)
9 Have a narrow escape in rasher economy (4, 4, 5)
14 Outlet designed, we hear, as part of a watch (10)
17 "—— gilded hand may shove by Justice (Hamlet) (8)
19 Workers from 7 (7)
21 Greek's tiles or a Croat's perhaps (7)
23 First margin in the river (5)
25 Obviously the last word in steam engines (4)

Solution to Puzzle No. 4,589



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. STUTTGART BALLET. Until Sat. Evgs. 7.30. Mat. Today & Sat. 2.30. Today & Tomor. SWAN LAKE. Fri & Sat: PRESENCE. RETURN TO THE STRANGE LAND. RITE OF SPRING.

[illegible]

THEATRES

OPEN AIR REGENT'S PARK. CC. S. 486 2431. THE COMEDY OF ERRORS. Evgs. 8.00. Mats. today, Thur & Sat 2.30. Shakespeare Comedy Workshop today 12 noon. MUCH ADO ABOUT NOTHING opens next Tuesday 7.45.

[illegible]

... 8.00. Mats. Thur. 3.00. Sat. 5.30 8.30. LONGEST-RUNNING COMEDY ... THE WORLD. NO SEX PLEASE— ... BRITISH. Directed by Allan Davis. ... Sales Office 01-379 6061.

TALK OF THE TOWN. CC 01-734 5051. LONDON'S GREATEST NIGHT OUT from ... dining-dancing. 3 bands. 9.30 SPECTACULAR NEW REVUE WITH A CAST OF 35 ARTISTS. AT 11.00 ... BELL.

THEATRE ROYAL, Stratford E15. 01-534 ... Lindsay Anderson production of HAMLET. Mon.-Sat. 7.30.

THEATRES

VAUDEVILLE. S. CC. 01-836 9988. Evenings 7.45. Matinees Wed. 2.45. Sats. 4.00. DONALD SINDEN. Dinah Sheridan. Gwen Watford. Polly Adams in PRESENT LAUGHTER by Noel Coward. Group Sales Office 01-379 6061.

[illegible]

CINEMAS

[illegible]

... Final showing 2.00 (ex. Sun.). 4.05. 6.20 and 8.40. Opening June 18: Truffaut's THE LAST METRO (A).

ODEON HAYMARKET (930 2738-2771). CHARIOTS OF FIRE (A). Sep. progs. dly. 2.25. 5.50. 8.55.

ODEON LEICESTER SQUARE (930 6111). THE POSTMAN ALWAYS RINGS TWICE (X). Sep. progs dly open Sun-Sat 1.00. 4.15. 7.30. All seats bookable in advance at Theatre Box Office or by post.

ODEON MARBLE ARCH W2 (723 2011-2) IT'S MY TURN (AA). Sep. progs. Drs. open dly 3.30. 7.30.

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THE ARTS

Television

Behind the screens

by CHRIS DUNKLEY

In less than a week television has thrown up two outstandingly powerful programmes which, on the surface anyway, deal with the same subject: hospital patients and their treatment. Yet beyond their superficial similarity the two could hardly be more different. The first, *Going Gently*, was a play in BBC-2's "Playhouse" which has contained a curiously mixed collection of plays this year, and proved to be much the most interesting drama slot anywhere on television.

Work has varied from adaptation such as William Trevor's of his own poignant *Elizabeth Alone* to original material including Don Taylor's didactic yet gripping investigation of morality called *A Last Visitor For Mr. Hugh Peter* and John Mortimer's account of the Mitford girl's Nazi fling in *Unity*, to Peter Tinniswood's *The Day War Broke Out* which simply—and rightly—brought to the screen virtually unaltered the production mounted for the Sheffield Crucible and then the Bush Theatre by the Hull Truck Company.

Going Gently, whose origin was different yet again being adapted for television by Thomas Ellice from a novel by Robert C. S. Downs, was on the foreseeably harrowing subject of death from cancer. Sure enough, it pulled none of its punches — and that above all gave it its awkward, sinewy, strength. It had other factors working in its favour: a persuasively authentic hospital atmosphere arising from taut, almost strict direction and editing from Stephen Frears, matchingly well-contained photography by Nat Crosby who was working around what must surely have been a real hospital ward with innumerable glass walls, doors and partitions (presumably the thunderstorm was real too) and superb performances from Fulton Mackay, Norman Wisdom and Judi Dench as respectively the dying professor, the dying salesman and the nurse.

British television is building up an extraordinarily impressive catalogue of plays about the horrors of a hospital patient's life: Trevor Griffiths' *Through The Night* dealt with mastectomy and Peter Ransley's *Minor Complications* with colostomy, and both were strong memorable works containing much deeper themes than those two operations. Yet *Going Gently* had a dimension which both those plays and virtually every other "realistic" television play has lacked: it had the paradox and the inconsistency of character which you find in real people.

In the end it achieved a world and a cast of characters so similar to one's own perceptions that it was almost impossible to believe that it was fiction. It felt more like a televised version of a closely observed and highly detailed diary. It was clever and courageous enough to ensure that not *all* the characters were inconsistent. The salesman's visiting wife was consistently insensitive and simultaneously pitiful and self-pitying. Asked by her dying husband "How are you?" she answered grudgingly in unwitting hospital jargon "As well as can be expected." The two ward sisters, Scarli with her honesty, humanity and compassion and Marvin with her distancing, her discipline and her spite came perilously close to black and white caricatures. But then so do plenty of real people.

It was, anyway, the dying patients who mattered most and these were no symbols or ciphers, no good or bad guys. Flood who arrives for tests and finds Prof. Miller in situ will not at first accept the diagnosis. He is shocked at Miller's lack of visitors and puzzled by his misanthropy, but he learns from Miller. Within days Flood not only feigns sleep when his own adult son arrives, but admits there has always been something about the man he did not like.

Miller, the sardonic, self-controlled sceptic, fully aware of his coming death, who greets Flood so cynically with "What do the wizards of the knife have in store for you?" is also the one who clandestinely supplies all the other patients with Scotch. He deliberately ruins the photograph album brought in by Flood's wife: another character quirk? Or is he simply trying to save Flood from unwanted nostalgia? Either way it is Miller's behaviour which so acurately exemplifies the poem which Dylan Thomas wrote to his father and which one assumes inspired the play's title. Its first verse is:

Do not go gentle into that good night.
Old age should burn and rave at close of day:
Rage, rage against the dying of the light

which is indeed what Miller does. The odd thing is that his character is vividly summed up not in this poem but in the first verse of Thomas's last (unfinished) poem called Elegy:

Too proud to die, broken and blind he died
The darkest way, and did not turn away,
A cold kind man brave in his narrow pride.

It is undeniably a bleak play which, however, exhibits an element of real tragedy in its portrait of a being whose intelligence leads him to a conviction in the pointlessness of the world around him, and of everything within it including his own despised pain. The combination of human self-awareness and fate beyond human control gives *Going Gently* a tragic dimension which approaches classical Greek drama in its sense of inevitability.

Leonard Burt

Norman Wisdom, Judi Dench and Fulten Mackay in Going Gently

Many viewers will no doubt have found Miller an antipathetic character, and if they watch the second of the two programmes I mentioned, *Silent Minority*, which will be screened tonight on ITV, they may conclude that this depicts something much closer to real tragedy since its subject is the shoddy treatment of mentally handicapped patients, many of them children. Moreover, it is "fact" in the sense that it is a documentary whereas *Going Gently* was fiction in the sense of being a play. Yet it seems to me that what Nigel Evans's documentary identifies is not a tragedy (which involves fate) but a scandal resulting entirely from human failings. Unfortunately the programme has a crucial gap near its centre.

Certainly it is a very moving document: somehow Evans has obtained film showing troublesome children tied to pillars, and drugged patients literally turned out to grass, in wire-fenced compounds. He looks in detail at individuals who have spent their lives locked up in large old-fashioned mental institutions, and suggests how neglect may have forced them into a more than necessarily vegetable-like existence. For contrast he shows life in a unique small experimental unit where children learn to smile at their adult benefactors in return for a sugar-puff. The question of whether such animal-like tricks of "socialisation" really represent progress would need a different programme, but certainly life for everybody—patients and staff alike—appears far more pleasant in the unit.

In terms of television's own social functions it has long been widely accepted that the exposure and vivid illustration of scandals such as this is enormously important. From the homelessness of Cathy to the alleged beating-up of Rampton inmates we have been informed of many such outrages. Perhaps one day a brave producer will explain why such an unprecedentedly well-informed electorate moves no faster than before towards a solution of such problems—but that would need yet another programme.

Evans's programme shows us his powerfully appealing selection of evidence, and makes his case persuasively. That it *is* one man's view is suggested by the use, just once, of the word "I" in the voice-over commentary. One wishes that in this programme as in others like it, the element of personal campaigning was much more open and obvious — there is nothing shameful in a television system allowing individuals to campaign for compassion or, indeed, anything else, assuming you believe in freedom of expression.

However, that gap remains in the middle of the programme; though he shows the bad old way and the good new way, Evans never even mentions the difference in cost (ie. public expenditure) between the two, though it must be vast. He may quite reasonably see it as none of his business to consider cost, taking the view that nothing is too good or too expensive for such unlucky people, though if so he could have said so.

Looking at television as a whole, the difficulty is that ATV is far from being alone in making such programmes.

Almost invariably the programme-makers have a solution for their chosen problem and almost invariably the cost is blithely ignored while righteous indignation is expressed over society's failure to act. As a viewer, one begins to feel as the years go by that the various elements within television are all thrusting their pet schemes at us without any regard for the total cost, whether it is small, large, or twice the gross national product.

Could that be why, in the end, we do no more than we would have done in days before television — even though so greatly moved while viewing?

Sadler's Wells

Merce Cunningham

by CLEMENT CRISP

For people who care about dancing—dancing as dancing and not as drama or a personality cult or a nostalgic glance at an imagined imperial past—Merce Cunningham provides food for thought as for the eye. After some four decades of making dances he is still an *enfant terrible*—and Cunningham himself, with his curly hair and somewhat pixilated presence, still has a child-like integrity in what he performs. He makes no concessions, expects us to join him in a continuing series of experiments about the nature of movement, and if we join him without preconceptions, then we can enjoy, or be puzzled in the nicest way, and learn.

Returned to London on Monday as part of an American Dance season (Twyla Tharp and company follow in a fortnight; afterwards a group called Ballet Stars of America is scheduled), Cunningham and his dancers were in very splendid form. The evening contained only one novelty, the *Channels/Inserts* made earlier this year, but it offers, to viewers willing to keep their eyes peeled, a rich variety of invention and mood.

We have to accept certain rules. The accompanying soundtrack can be tiresome, as in *Channels*, which has a score like electric charges ricocheting noisily round our heads during a thunderstorm, or distracting, but always divorced from what we see. The dance seems disordered, arbitrary, random, but insidiously it reveals patterns, relationships, and is propounds an energy and vivacity that have more to do with a crowded street than the ballet studio. None the worse for that, it beguiles by its ingenuities, and holds our attention by a rigour of line and a virtuosity of means: what looks haphazard or easy is, in fact, almost classical in organisation and very demanding of its interpreters.

Fielding Sixes, which opened the programme, has a high-stepping manner, and recurrent dynamic images of legs lifted in brave extensions and bodies racing past in big jumps. The set contains three pendant panels of demented knitted string; there is a score, equally demented, which knits distorted Irish reels together, as the dancers are in their turn similarly linked and unravelled. It is too long, but fascinating.

The new piece, *Channels/Inserts*, relies largely upon couples dancing, though there is a thrilling section in which the women sit on stage while the men soar and show off: the final section is an idyllic duet which leaves us on a mood of lyric gentleness.

The final, *Roadrunners*, is a caprice for its white-clad cast who jerk and twitch, make jokes about movement carried to unpredictable extremes, or find themselves involved in quiet little moments together. Cunningham himself semaphores tiny, flickering outbursts of dance at us, and scuttles about the stage trying to put on trousers and shoes while menaced by the activities of another dancer. It is an insouciant, charming work: like everything in the evening it makes it own laws, and by the end of the evening we have learned those laws to, and have seen their sense. And our feeling, and enjoyment of dance, have been enhanced thereby. Can we ask for more?

Festival Hall

Krystian Zimerman

by DOMINIC GILL

The Polish pianist Krystian Zimerman is only 24: and yet such is the magic of youthful success that already he can fill the Festival Hall with more people than Brendel or Serkin. We know him from his records as well as his live appearances to be a wonderfully gifted artist: but there were dangerous signs on Monday, at Zimerman's third major solo recital on the South Bank in four years, that the strains of such tumultuous early exposure and adulation may be starting to tell. He never played less than beautifully and from time to time there were glimpses of a familiar eloquence and urgency. But not even the barrage of ill-mannered and unstifled coughing that he had to face from his audience could entirely explain the evening's flatness, its lack of any decisive dramatic charge.

Perhaps, from the start, we had expected more from Zimerman than just a very decent account of Brahms's F minor sonata: full-blooded and full-sprung to be sure, but in other respects a curious compromise, neither gloriously, incisively plain nor really very closely worked—a couple of tricksy things in the first movement, like bringing out an inner part at the expense of the real left-hand melody, or an odd attempt to *shape* the thunderous octave accompaniment to the second movement's final page, hardly counted as close expressive focus. A handful of passing details can never substitute, and especially in early Brahms, for grand and powerful dramatic design.

In his Chopin second half, Zimerman came closer to his familiar form. His G minor Ballade nearly tipped the balance, but somewhere in the recapitulation the thread was lost and never quite recovered. On the surface, his B flat minor sonata was masterly, delivered with splendid grip and force: underneath the notes there was something less adventurous, more tame—a sense not of windy freedom but of tired declamation. To bring back the Funeral March theme *fortissimo* after the middle section is an Anton Rubinstein (and later Rakhmaninov) clicheé which enraged Listz when he heard it; the ham version is fun, but on balance Chopin's dynamics are better. (Will some young pianist ever have the courage, or the curiosity, to try out in public the effect of including the four opening *Grave* bars in his first-movement repeat—as Chopin's manuscript indicates? The harmonic sense is compelling: second time around, the modulation is heard in context and makes sudden, electrifying sense.)

Lyric, Hammersmith

Having a Ball!

by MICHAEL COVENEY

I suppose that one answer to the Arts Council cuts is for the subsidised sector to produce funny plays set in vasectomy clinics. No skin off anyone's nose. Alan Bleasdale's marvellous farce has travelled well from the Oldham Coliseum, where I saw it two months ago. Bob Crowley has designed a really handsome private clinic and Alan Dossor's new production has transformed a crude, knockabout evening into a slick, brilliantly acted London acknowledgement of the powerful Lancastrian school of Bleasdale, Russell, Stott and Morrison.

The farce combines the medical and apocalyptic furore of Orton's *What The Butler Saw* with the Liverpudlian breeziness and black humour of Bill Morrison's *Flying Blind*. Admittedly the nude male body seemed more of a novelty in Oldham; but the central comic threat to *macho* sexuality posed by the social argument for vasectomy remains fresh and continuously hilarious.

Another aspect productively mined by Alan Dossor is the likelihood of one member *(sic)* of the cast switching his location to misinterpret the latest mayheam among the others. So, the outside corridor becomes a stop-go area of runaway trolleys and accidental collisions from which people either nervously peep through windows or sidle through doors to encounter accumulating chaos. Peter Postlethwaite as a Territorial Army officer with nightmares of the holocaust is particularly good at communicating this local panic. His dipsomaniac wife, played with tremendous bravura by Julie Walters, manages to drain her smuggled vodka bottle into a water jug and to make a simple operation seem fraught with danger.

Philip Donaghy and Julie Walters

The central character, Lenny, is "worried about Poland" and fearful of the future of mankind. Because Philip Donaghy successfully incorporates the large issues in a tortured and specific physical expression, the ending, a weak link in Oldham, comes off superbly.

There is very fine support work from George A. Cooper as a randy 77-year-old who can't control his breeding, David Ross (the Oldham Lenny) as a jovial, conscience-ridden male nurse, and Bill Stewart as a grown-up school bully on whom Lenny at last takes revenge by emitting a false scream for skin and country.

Covent Garden

Luisa Miller

by MAX LOPPERT

Only one ingredient in the latest Royal Opera *Luisa Miller*, which opened on Monday, is of absolutely first-rate quality; yet the performance, like almost all of those in this house since the first revival of 1978, added up. What it added up to must continue to hearten the Verdi-lover impatient of ancient operatic wisdom—a rebuttal of the long-held (and still occasionally proffered) view of the work as stylistically disjointed. At Covent Garden, the conducting of the Israeli-American Pinchas Steinberg (making his house debut) tends to keep component numbers of each scene on too tight a rein, granting the music only competence instead of strong infusions of lyric poetry. (Mr Steinberg is indeed competent; his punctilious accompanying of the singers insists on the point.) Even so, Verdi's first truly intimate, "private" operatic drama moved in a straightforward progression from first act to last; lapses in individual invention there may be, not in the dominant tone of seriousness and heartfelt delicacy.

In his 30th season before the public in tenor roles, Carlo Bergonzi now introduces to London his Verdian Rodolfo. It is late in the day to crave visual verisimilitude (never, in any case, a reliable feature of any Bergonzi assumption of romantic heroes) or stage address of anything other than broad semaphores of expression (likewise). Vocally, especially since the veteran tenor was on Monday in splendidly refreshed condition, with all but a handful of *acuti* ringing and resonant, he seemed to me to give one of the very few supreme demonstrations of the Italian tenor's art in our day. Art is indeed what his contribution is about, an art based centrally on the projection of a well-formed line; while, all about him, others are heard to go intermittently out of focus, to bump, spread, or fail in directness of attack, the Bergonzi performance celebrates vocal clarity and vocal truth. "Quando le sere" began with a *mezza voce* of the greatest beauty; as it continued, one forgot to worry about what the singer looked like, or even what his arms were doing, and concentrated only on the noble intention of his singing. It provides the secure base of the whole evening.

Without such an exemplar of the proper vocal refinements in the cast, one might not have noted their various and relative absences elsewhere quite so frequently. Katia Ricciarelli, once again a hour-glass-waisted heroine of blond beauty and dramatic deftness, continues to touch the spectator with her palpable artistic seriousness and sincerity, on the one hand, and puzzle him with her unpredictable vocalization (combining both the gold *and* the dross), on the other. The energetic and youthful Leo Nucci, as her father, lacks real distinction; in the smaller role of the Duchess Federica, sketchily motivated but not unrewarding, Phyllis Cannan is vivid but breathy. Gwynne Howell (Walter) and Richard Van Allan (Wurm) add nothing new to their already well-routined appearances.

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Wrong path for Israel

TRUST NO-ONE. Be tough and self-reliant. Act first, negotiate later. This is the prickly mentality of the Israeli electorate which Prime Minister Begin has both fostered and exploited in his remarkable come-back as prime contender in the June 30 election. The short-term effects of this approach may be invigorating, but the long-term prospects it implies are very depressing.

The air-raid on the Iraqi atomic reactor near Baghdad was only the latest and most dramatic of a series of moves by Mr. Begin which have gone down well with the majority of Israelis, but which have undermined international sympathy for their country's behaviour.

Escalation

Since the announcement of elections at the beginning of this year there has been an intensification of the policy of establishing settlements on the West Bank, during a period when the Camp David peace process—of which Mr Begin was a co-founder—remained moribund. There have been harsh words for the French and an outwardly grotesque attack against Chancellor Helmut Schmidt, to stir up the horrid memories of the Nazi holocaust. There has been the escalation almost to war of an argument between Syria and Israel about infringements of the secret understanding between the two countries over their activities in Lebanon. And now, when diplomacy promised to take the situation in Lebanon off the boil, there is the air-strike against Iraq.

This international activity contrasts with poor performance at home. Real economic growth in Israel, which ran at between 7 and 10 per cent in the 1960s, has now dwindled sharply while inflation has soared to over 130 per cent per year. With three finance ministers in four years Mr Begin's Likud Party has had good reason to distract attention from its economic achievements and from the image of greater economic competence projected by the opposition Labour Party.

The electorate has apparently gone for the "strongman" image projected by Mr Begin, despite the fact that economic strength would do more for Israel's ability to stand alone than Mr Begin's pre-emptive aggression. Their emerging preference is in line with a slow but steady shift towards a more right wing, less compromising, mentality which has been detectable in Israel for some years.

Western public option may also have appeared to Israelis as an increasingly lost cause. The predilection of European countries for oil and export orders has been very visible to them: hence their intense mistrust of the European initiative aimed at making a contribution to the quest for an answer to the Palestinian problem. The oil-dominated years of the late seventies allowed the Palestinian Liberation Organisation to *project itself* as the representative of the Palestinian people. And European countries went too far in accepting the PLO as such, before it had conceded Israel the right to exist.

But while Israel may not owe much to Europe for its future security, it remains utterly dependent upon the flow of arms and finance from the U.S. The bombing of the Iraqi reactor reflects American failings just as much as Mr Begin's tactics. Preident Reagan, who courted the Jewish vote to gain election, has taken far too long to re-inject momentum into the search for a Middle East peace settlement—partly because his administration has persistently viewed the whole problem as a side-show beside the threat of Soviet expansionism.

Dangerous

The lack of U.S. policy towards the Middle East has given Mr Begin free rein to escalate middle eastern tension, to chastise America's Nato allies, and ultimately to misuse the weaponry supplied by the U.S. for Israel's own defence. The newest result is a dangerous precedent whereby insecure nations disregard the assurances of the International Atomic Energy Agency and destroy the reactors of their neighbours in case they use them to make bombs.

In the end, Israel's peaceful existence must be based upon more than its ability and readiness to use military force. It must depend upon the establishment of a modus vivendi with the Arab nations which surround it. Only the U.S., which is already the ultimate guarantor of Israel's security, has the ability to press forwards with the search for a suitable framework of treaties and persuade Israel and Mr Begin to play their part.

The other crisis in Ireland

ECONOMIC troubles, not the more dramatic political ones, will move the Irish electorate today when it passes judgment on the Fianna Fail Government.

The reason is two-fold: there is a widespread consensus on the national question, though not behind the aims and methods of the IRA in Northern Ireland; and the economy has fallen on evil days. The gravity of the symptoms is beyond dispute. The external deficit is in danger of going out of control: the OECD forecasts that it will reach 13 per cent of GDP this year.

Shackles

The same report, published in February, forecast an inflation rate of 13½ per cent, but subsequent estimates put it very close to last year's 18½ per cent. The unemployment ratio is 10 per cent, and the figures are known to err on the low side. A public sector borrowing requirement equivalent to 18 per cent of GDP shackles the hands of Government.

The OECD put it bluntly: "It is essential that structural change and improvements in relative costs precede rather than follow movements towards a more general expansion." That judgment is also a judgment on certain electoral promises made by both sides in the campaign. There is no room for tax concessions and subsidies. On the contrary, Mr. Charles Haughey, the Prime Minister, may have called the election a year early to get it over with before being forced into taking stringent measures.

To anyone whose picture of Ireland is coloured by historic reminiscences of a backward land of rural poverty all that may have a familiar ring. But they would be overlooking advances made up to the mid-1970s. The number of people employed in construction and industry is half as great again as the number in agriculture, forestry and fishing. More than half the exports consist of manufactured goods. These are solid achievements of a strategy based upon building up industry, largely in joint ventures of state agencies with Irish or foreign entrepreneurs.

The foundations were provided by the availability of labour at a time when most European industrial countries were crying out for men, and by the link between the Irish and the British pound. A declining exchange rate helped to maintain Irish international competitiveness.

Such was the Ireland which in 1973 joined the Common Market. Duty free access for Irish manufactures was to make the country even more attractive to investors; the Common Agricultural Policy was to make farmers rich and bring bounty from the Community chest in Brussels. To begin with these hopes were fulfilled to the point where, in March 1979, Ireland severed the link with sterling and joined the European Monetary System.

Little seems to have gone right since, but it would be an error to blame the EMS. A more fundamental shift has occurred. World markets have ceased to be as hungry for goods as they had been: with other marginal producers, Ireland took the brunt.

The farmers' dream evaporated, as the Community struggled to contain the cost of the farm policy. Farm incomes have lost half their purchasing power since 1978. Many farmers had gone into debt to prepare for the expected bonanza, and now find their interest burden trebled in the same period.

Faltered

Initially the EMS proved of help as sterling took off on its high altitude flight. From Dublin's viewpoint that was the equivalent of a devaluation *vis-a-vis* the customer who takes more than 40 per cent of Irish exports. But now sterling has faltered at the very moment when British wage increases may be falling back to a rate little more than half of what is in prospect for Ireland this year.

A change in the world climate could swiftly change the picture. But waiting for something to turn up is no substitute for a policy. There is nothing abnormal about a country at Ireland's state of development running budget and current external deficits: but the new Government, whatever its colour, will have to realise that enough is enough.

Thin line against proliferation

By Simon Henderson

ISRAEL'S attack on Iraq's nuclear facilities is likely to force the world to re-examine the grey areas that exist in present international arrangements regarding nuclear energy.

In the diplomatic world of treaties and acceptance of international supervision, Baghdad has done everything by the book. It has not only signed but has also ratified the nuclear Non-Proliferation Treaty (NPT) of 1968 and it has accepted regular inspections by the International Atomic Energy Agency (IAEA), the UN body set up in 1957 as the custodian of nuclear deals under the treaty.

The NPT was a compromise under which the nuclear supplier nations—initially the U.S., the Soviet Union and Britain—agreed to go on selling nuclear reactors in return for a commitment that the receiver nations would not use them to make nuclear weapons.

There were always risks inherent in this policy and much was made of them last year at the NPT review conference. But the NPT remains the only framework available to control what could develop into nuclear anarchy. There are now more than 100 signatories.

So far none of the signatories have tried to break their treaty commitments but the world as a whole has never come close to agreeing on the imposition of, say, sanctions against even a non-signatory such as Israel itself, South Africa or Pakistan, (all of which are believed to have clandestine nuclear weapon programmes).

The Vienna-based IAEA is responsible for ensuring that the safeguards it lays down are not infringed. But it suffers from technical limitations and political weakness. The agency is an arm of the United Nations and any breach of the treaty has to be reported back to the board of governors who would then, if necessary, pass the matter on to the Security Council for action. In 12 years of operation this has never happened.

Technically the same sort of research goes into a military and a civilian nuclear project so it can be hard for inspectors to be absolutely sure of the use to which it is to be put.

The inspectors are usually a small team of perhaps only two or three people. Their job is principally to check the local books to make sure that no nuclear material is being diverted and to see that seals on sensitive doors and valves have not been tampered with since their last visit. They did this in Baghdad earlier this year and *found nothing amiss.*

In the case of Iraq the Israelis have always been most concerned about the highly enriched uranium fuel which France was supplying for the reactor destroyed in Sunday's raid. They apparently feared that the fuel might itself be fabricated into a crude device.

But it is argued by other experts that the danger lies more in the general sophistication of Iraqi research ambitions. Within a matter of years the country will have several hundred highly trained technicians who could easily be diverted *into a military project.*

The NPT is certainly not strong enough to rule out either of these possibilities.

First, NPT signatories are not bound for ever. They have only to give 90 days notice and plead national interest to renounce the treaty and its constraints.

Second, sites can be closed to inspection. At the beginning of the Gulf war last September when the reactor site was strafed by what were thought to be Iranian aircraft, Iraq closed it to IAEA inspection for several months.

Third, even the U.S. which roundly condemned Sunday's raid has had profound public doubts about the treaty's effectiveness in the case of Iraq.

The U.S. is believed to have applied pressure on France to change specifications of the reactors and for a while Paris offered a less sensitive uranium "caramel" fuel to the Iraqis. But Baghdad held out and the more sensitive fuel was supplied last year. U.S. feelings were also made known to Italy which supplied a "hot cell" radiation laboratory facility which would have been useful in developing plutonium separation techniques, but again the sale went ahead. Theoretically Iraq would not need such a capability as all new fuel is contracted to come from France and all spent fuel returned there.

Brazil, which is due to supply uranium to Baghdad was also involved. In the case of all three, a powerful factor in the agreements has been the need to secure oil imports from Iraq.

This may not be the last incident of its kind. Within ten years a number of countries, including Pakistan, Argentina, Brazil, Taiwan and South Africa may possess nuclear weapons stockpiles. Perhaps ten other nations could acquire a similar capability with all the dangers that that implies: so far the international political consensus, such as it is, has delayed but not halted the spread of nuclear weapons.

MAKING A NUCLEAR BOMB

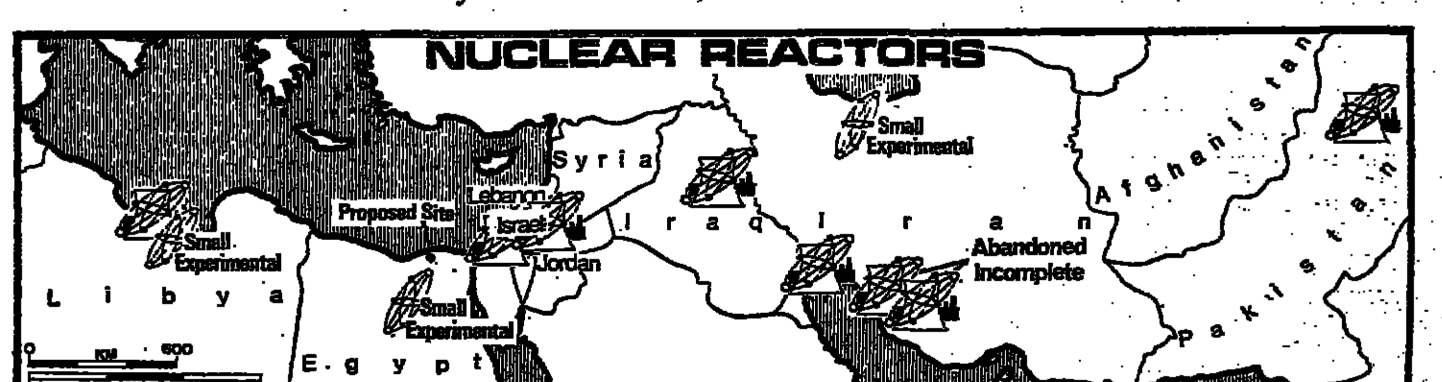
ANY COUNTRY with a sophisticated scientific establishment could make a nuclear bomb if it is prepared to invest the necessary money and resources and is prepared to ignore international pressure.

Even without its own reactor a country with a source of raw uranium can enrich it and make a crude device similar to that dropped on Hiroshima by the U.S. at the end of World War II. Iraq has bought highly enriched uranium fuel from France, but some unconfirmed reports have said that this had been spiked with radiation to make its misuse difficult.

Alternatively, a country can use a nuclear reactor to make plutonium which, when separated by a complicated process from the spent fuel rods, could be used in a device like the Americans dropped on Nagasaki. But in Iraq's case the highly enriched uranium fuel would have produced plutonium only very slowly. A greater danger is perhaps that with the experience acquired Iraqi technicians could have built themselves a special plutonium-producing reactor.

Lengthening list of nuclear powers

By Richard Johns, Middle East Editor



Graham Lever

IT IS more than 20 years since the world began seriously to worry about the possibility that the Middle East might one day become the scene of a nuclear confrontation.

Since then the list of countries with nuclear experience, if not capability, has been lengthening:

● Israel first built a secret nuclear research reactor in the Negev in the mid-1950s in a deal with France. Since then it is believed to have assembled a reprocessing facility and to have built at least experimental nuclear weapons.

● Iraq bought a small research reactor from the Soviet Union in 1968, the year before it signed the nuclear Non-Proliferation Treaty (NPT). In 1976 it bought from France a small research reactor (Osiris) and the 70MW Osirac reactor, made by Framatome, which was attacked by the Israelis on Sunday.

● Libya got its first 2MW research reactor from the Soviet Union in 1975 and in 1978 got agreement for the supply of a 300MW facility. France was on the verge of supplying a similar reactor when its relations with Libya became strained largely because of the Libyan annexation of part of northern Chad said to be rich in uranium.

● Iran planned a major nuclear programme before the overthrow of the late Shah. Its plans have been scaled down, and the four plants under construction have been abandoned. There is still a small research reactor at Tehran university.

● And Egypt has recently announced an ambitious nuclear scheme in collaboration with American, French and West German reactor makers. A small Soviet research reactor is in place near Cairo.

The development of Israel's nuclear capability has been shrouded in secrecy from the start. But in 1974 the late President Ephraim Katzir admitted in an interview that Israel had always intended to provide the potential for nuclear weapons development. "We now have that potential," he said. Israel has always insisted, however, that it would not be the first to use nuclear weapons in the region.

Mr Carl Duckett, a former assistant director for science and technology at the U.S. Central Intelligence Agency, said in a recent ABC-TV programme in the U.S. that Israel may have had nuclear weapons since 1968. There have been persistent reports that 200 lbs of weapons-grade uranium which vanished from a plant in Pennsylvania in 1965 found its way to Israel. A shipment of uranium is also said to have been hi-jacked in 1969 from a ship bound from Antwerp to Genoa. This fuel would have been enough to have kept the Israeli reactor at Dimona in the Negav Desert going for 20 years.

Reports like these have also been more than enough to fuel Arab fears about the Israeli programme. But Iraq, as an ambitious and rich developing country, almost certainly wanted nuclear technology for its own sake. It has, however, never denied the weapons potential of the enriched uranium it contracted to buy from France.

Most Israeli commentators had argued—at least before Sunday's raid—that Iraq was a minimum of three to four years away from making even a crude warhead. But Israel has long harboured fears about the intentions of Iraq's President Saddam Hussain.

From the start Israeli opposition to the Iraqi deal with France was bitter. Many observers believe that it may have been connected to the plastic explosives which on April 6 1979 blew up some of the plant at Seyne-sur-Mer two days before it was to be shipped to Iraq.

Israel has also been anxious about Libya's interest in the nuclear option. This dates back to 1970 when Col Muammer Gadaffi dispatched his right-hand man, Major Abdul Salem Jalloud, to Peking to see if he could buy a bomb off the shelf from the Chinese.

Col Gadaffi has been unabashed about his desire to secure the bomb for the Arabs, but very little is known about the present state of Libyan nuclear development.

Meanwhile in Iran the shells of the two 1200 MW plants being constructed by Kraftwerk Union at Darkuvin near Ahwaz on the Karun River still stand as a memorial to the Shah's ambitions. They were left 70 per cent complete when work was abandoned towards the end of 1978 and Iran reneged on the contracts. The reactors being built by Framatone near Bushire hardly had their foundations ready before they suffered a similar fate.

Yet in the legal wrangle over its assets in the Eurodif consortium (a nuclear enrichment group composed of several European countries) Iran has demanded 80 tonnes of uranium which were sent to France for enrichment on its behalf, apparently with a view to reselling them.

Egypt is now set to acquire the largest nuclear capacity in the Middle East following a long delay caused by lack of finance and U.S. concern about safeguards since President Nixon promised President Sadat a reactor in 1975. It finally subscribed to the Non-Proliferation Treaty in February. Framatone is to build two 900 MW reactors at Al Dabaa on the Mediterranean coast west of Alexandria and near Ras Shukair on the Red Sea. They are the first of 10 planned.

This week Egypt signed an agreement for two more with the U.S. and talks on another two have been taking place with Kraftwerk Union.

MEN AND MATTERS

Picketed lines

Clive Jenkins and his fellow-leaders of ASTMS, the radical white-collar trade union, find themselves on the bosses' side of the bargaining table in an industrial dispute now crippling communications at the union's headquarters.

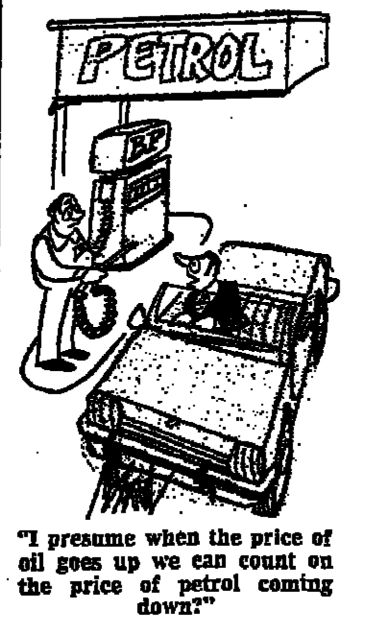
Around 140 Apex members, who staff ASTMS's Jamestown Road offices, are refusing to answer telephone calls or even to take messages from callers in a dispute over new technology. Ironically, the issue at stake is typical of the kind that ASTMS fights on behalf of its members.

The row centres on the union's move to new premises in Camden Road where a Monarch 120 switchboard is to be installed. The Apex staff claim that the new machine will only require one switchboard operator instead of three and will drastically change the working practices of operators and users.

They also say that their ASTMS bosses failed to enter into consultation on the subject. "The fact that there was no consultation is the most important thing," a union organiser tells me. "It is no secret that we had to register a 'failure to agree' with them recently and it was after that that they did agree to consult with us on new technology."

Stan Davidson, ASTMS's general secretary, plays down the dispute. "We have assured the staff that there will be no regradings, no dramatic changes in jobs and no redundancies," he says. "My personal belief is that the concept of moving and the change of scene is having an unsettling effect."

The management and staff meet for talks tomorrow, no doubt under pressure to find a speedy solution to the row. Clive Jenkins, after all, once made ASTMS Britain's fastest growing union with a recruitment campaign warning of the perils of the microchip.



"I presume when the price of oil goes up we can count on the price of petrol coming down?"

Pas d'escargots

"Sacred blue." The President stubbed out the 40th Gitane of a long night. The Government only a month old, and faced already with a major domestic crisis. The assembled Ministers picked listlessly at the plates of frogs' legs, croques-monsieur and snails set before them.

Suddenly, with an angry growl, the President picked up a fat snail and hurled it across the room. "As if," he muttered, "the France is not facing exigencies enough at this time, we are presented with the vanishing snails!"

I adopt the format of the fictional reconstruction, now so popular on television, to convey some of the flavour and gravity of the moment. The snail, as important as a part of French life as striped tee-shirts and noisy plumbing, is disappearing!

Such is the shortage that in 1979, reports the French Ministry of Agriculture, 7,000 metric tons of snail flesh had to be imported, at a cost of over FFr 100m, to help satisfy domestic consumption topping 40,000 metric tons annually. The main depradator, says the Ministry is man—not only by his eating habits, but also by this habit of spraying pesticide about the place.

Since the next-heartiest consumers of the little beasts are the Italians with a paltry 1,200 metric tons, followed by the Germans at 415, it is hardly surprising that France was, in the words of the Ministry, "the first to catch on the danger which the extinction of the specias would represent." The British, incidentally, put away a mere 69 metric tons.

For myself, however I shall be eschewing my customary plate of garlicky shellbound slime in favour of an exciting new palate-tempter from Zimbabwe. A Bulawayo food processing firm is about to turn the world on to canned worms. They will be available in three flavours—curried, in curry, and vegetables (sic)—and will cost a mere 30 cents a tin.

Society notes

The ins and outs of the building societies world do not, shall we say, tend easily to capture the popular imagination. Mortgage rate up half a point, now down half a point later, the rolling-out from time to time of those astronomical figures for total assets, Smile With The Leeds — all worthy sort of stuff, but not often the stage for high drama.

If I say, then, that eyebrows were raised at the decision by Nationwide general manager Joe Bradley to defect to Town and Country, you will realise the gravity of my news. For Bradley is, at 41, something of a whizz-kid in the mortgage stakes. He was seen by some to be in the running, albeit at fairly long odds, for the chief general manager's spot when Len Williams steps down at the end of the year. In fact, the job has gone to fellow general manager Cyril English, and Bradley is packing his bags and hitting Town.

"I was looking for a chief executive opportunity in my early 40s," says Bradley. "I found one in the Town and Country." The whole business was, he says, amicable.

He also foresees some relatively eventful goings-on in the trade. "There's going to be a lot of interesting activity in the middle-sized building societies over the next few years, and a number of mergers. The Town and Country is a very good name and it is in a strong financial position. It promises to be a very exciting challenge."

Stockade

The fortifications were up in the Stock Exchange yesterday in preparation for the Battle of Eagle Star. The Consols Bar, scene of the three o'clock tryst between Allianz and its tenderers, was roofed in plywood and fronted in perspex, to guard against over-excited traders tempted to lob their offers home over the heads of a milling crowd.

To protect the innocent, the visitors' gallery was closed at a quarter past two, lest the crush of kibitzers create, however inadvertently, an unruly press.

There will, however, be no floor veterans today sporting bruises earned in pursuit of profit. A mere five or six envelopes were proffered, in the most gentlemanly way, during the final ten anxiously-awaited minutes of the offer.

Observer

Charles Smith, Far East Editor, says Japan's Prime Minister, who arrives in Europe today, seems in no mood to make trade concessions

Why Europe will get little from Suzuki

JAPANESE Prime Ministers have tended to make official visits to Europe once every six to eight years. But the tense economic relations between the EEC and Japan have hit a peak of aggravation about every three.

The simultaneous "matching" of a Prime Minister's visit with a peak in the "aggravation cycle" has not occurred since the Second World War, but it looks as if this may be precisely the situation awaiting Prime Minister Zenko Suzuki at the start of a 10-day tour of major European capitals that begins today.

Mr Suzuki's hosts in Europe seem certain to demand explanations of why the Community's trade deficit with Japan grew by 70 per cent last year (and by a further 46 per cent in the first four months of 1981) as well as of what steps Japan plans to prevent its motor and electronics industries from overrunning European markets. How much he is likely to be able to tell them is suggested in the following series of questions and answers:

Does Japan really intend to take any notice of European demands for a more equitable trading relationship?

The Japanese are ready to accommodate individual European countries up to a point, by restraining their exports of some key commodities such as cars and TV sets, but they are rigidly refusing to set export levels for the Community as a whole. They argue that, since some EEC member countries have already introduced unilateral restraints on imports of Japanese cars, the EEC cannot be regarded as a "single market."

Also, they claim that Europe has no programme for restructuring its car industry (unlike the U.S. which announced a restructuring programme on the eve of Japan's decision to "voluntarily restrain" its exports last May). Because of the (alleged) lack of such a programme, any restraint by Japan on its car exports to the Community would be a surrender to European protectionist pressures—not a contribution to the regeneration of the European industry, the Japanese say.

The specific measures which the Japanese are ready to take so far as cars are concerned are to set a ceiling for their exports to Belgium (approximately 7 per cent below last year's actual export level), and to exercise restraint in the West German market (without however setting any firm figures for this year's exports). The Japanese Government says it sees no need to limit car exports to smaller EEC markets such as Ireland, Denmark and Greece because these countries do not possess motor industries. It has so far appeared deaf to European arguments that the smaller EEC markets are a "special preserve" of European motor exporters and therefore should not be overrun by the Japanese.

In adopting a relatively tough line in response to EEC demands for restraints on car exports, the Japanese appear to have two "political" considerations in mind. One is that attempts to impose a unilateral quota on Japanese car imports into the EEC will fail as a result of opposition by West Germany. The other is that voluntary restraint on car exports is a "disease" which should be curbed before it spreads any further.

If the Japanese will give very little away on cars, what trade concessions will they offer?

Mr. Suzuki himself appears unlikely to make any specific offers at all. The Prime Minister has made clear that he does not see bilateral trade negotiations as part of the brief for his European tour.

Mr Suzuki: a tough line on EEC demands for restraints on car exports

The reluctance of Mr Suzuki to talk about trade in Europe is true to form, since the Prime Minister also avoided specific economic issues during his summit meeting with President Reagan at the beginning of May. The difference is, of course, that the main outstanding issue in U.S.-Japan bilateral economic relations—car exports—had been resolved just before Mr Suzuki went to Washington, whereas it remains unresolved at the start of his trip to Europe.

Why is Mr Suzuki touring Europe at all if he has nothing substantive to say on what most Europeans see as the major issue in relations with Japan?

The official reason for Mr Suzuki's visit is to "make the acquaintance" of European heads of government in advance of the Ottawa economic summit (when trade relations between advanced nations are expected to be an agenda item). A less highly-publicised reason for the tour is that domestic political considerations made it advisable for Mr. Suzuki to increase his international "exposure." The Prime Minister is the least experienced Japanese leader to have held office for over a decade and has shown strong interest in "educating himself" through foreign tours since he took office last July.

The Europe tour, timed to fill a gap in Japan's domestic political timetable immediately after the close of a regular Diet session, may also have been designed to distract attention from the Cabinet reshuffle that would normally be due at about this stage of Mr Suzuki's premiership.

Mr. Suzuki seems to have decided to postpone a reshuffle until late this year, presumably hoping that his standing within the ruling Liberal Democratic Party will then be higher and that he may be able to pick and choose more freely among his political colleagues.

Does the Prime Minister have anything to say to his European hosts in areas other than economics?

Global political issues, such as the Middle East, Afghanistan and perhaps also Poland, are the subjects on which Mr. Suzuki hopes to spend most time in all the countries he will visit. His desire to concentrate on politics is not motivated simply by the need to "sidetrack" the Europeans away from bilateral trade problems. Japan is strongly interested in stepping up its interchanges with Europe on mutilateral political matters, in part so as to be able to free itself to some extent from the political "apron strings" of the U.S.

The Japanese Government set a precedent in aligning itself with the European position on Iranian sanctions last summer and has since requested and received "briefings" on international political decisions by European heads of government. In May a special diplomatic emissary of Mr. Suzuki who appeared to have been sent ahead to scout out the ground in advance of the Prime Minister's trip asked whether Japan could be included in the "Gymnich formula" consultations on global political issues which the EEC holds with the U.S. and Norway.

The emissary seems to have been given a non-committal answer by the EEC Commissioner for External Relations, Mr. Wilhelm Haferkamp, but it will not be surprising if Mr. Suzuki makes another bid for direct involvement by Japan in the EEC's regular political consultations (in place of the unilateral "debriefing" system which is in use at present).

Do the Japanese see any contradictions in Mr Suzuki's strategy?

Apparently not. The reason is that Japan makes a rigid distinction between bilateral and multilateral issues in the conduct of its foreign policy and sees the existence of a common viewpoint on global political issues (ie issues involving third countries) as being the basis of its special relationship with Europe. Bilateral economic problems, in the Japanese view, are essentially something to be discussed with individual member countries of the EEC (either at government or at industry level) not something which can fruitfully be handled on a Community-wide basis.

Japan holds "high-level" discussions twice a year with officials of the EEC Commission on trade problems, but these are mainly concerned with access for European goods to the Japanese market rather than with Japanese exports to Europe. Japanese officials have gone on record many times with the view that the European Commission is a difficult partner with which to conduct trade negotiations on trade issues—chiefly because EEC officials seem unable to place demands from different member countries in any particular order of priority.

The Japanese have not rejected Community overtures for a comprehensive trade agreement to be negotiated in the future. However, they have insisted that such an agreement must be preceded by the abolition of unilateral import quotas on Japanese goods. Since France and Italy apparently have no intention of withdrawing their quotas, the idea of a comprehensive trade agreement remains a pipedream.

Is it fair to say that Japan's present trade policy is having a divisive effect within the Community?

This seems to be precisely the situation. What remains uncertain, however, is how much the Japanese care about the fact that their all-too-successful export drives have tended to set one EEC member country against another. Japan seems to have no particular wish to split the Community but, on the other hand, lacks any strong awareness of the need to help promote European integration.

Her apparent neutrality on the issue of European unity is in striking contrast with the attitude of the U.S. which seems to have been strongly committed to the unification of Europe from the beginning. A change of heart on the issue of European unity might be the most valuable contribution the Japanese could make to help Europe solve its economic problems—more valuable perhaps even that the adoption of voluntary restraint on car exports.

Isn't there a chance that the Japanese might finally "unify" the EEC by the simple process of driving the entire Community into the protectionist camp?

That could happen if West Germany were forced to abandon its free trading policies to avoid having its car and electronics markets overrun by Japan. A protectionist Community, however, might well turn out to be internally as well as externally protectionist—besides inevitably losing competitive edge in third markets. The hope must be therefore that, before the EEC is forced in upon itself by Japanese competition (and by the difficulties of penetrating Japan's domestic market) the policy-makers in Tokyo will realise that "something" has to be done.

Letters to the Editor

The state of the railway

From the Chairman, British Railways Board

Sir,—Although like many other industries in the grip of recession, BR has a cash crisis, I do not share the pessimism which comes through Lynton McLain's analysis (May 28) of the state of the railway.

It is not true, for instance, that BR has "failed regularly to build all the stock authorised by the Transport Department." It is our normal practice to plan for slightly higher rates of production than are permitted by the allocated investment ceiling. This compensates for the slippage that occurs due to many factors beyond our control, including late deliveries of equipment by suppliers. As a result, achievement in a given year is always less than programmed, but close to the investment ceiling. The use of this technique has further improved the Board's spending record from the creditable position where its underspending against ceiling through the 1970s averaged 5 per cent, to a position in 1979 and 1980 where the railway spent the whole of its investment allocation in both years. As a more specific example, against an intended output of 200 vehicles per annum, York Works built 202 electric multiple unit vehicles in 1979, and 229 in 1980.

It is not true that "fares will rise again before November." It might happen—but we have set ourselves the task of holding fares at the same level for a full year since the last increase, with the help of £23m which the Secretary of State added to the contract price the Government pays as customer for our passenger services.

It is true that in the last six years we have not matched the manpower reductions of the 1960s—but it is also true that our investment has not matched the levels of those years of extensive modernisation. Nevertheless, in the period from 1963 through to 1974, our total productivity was assessed in a NEDO report at 6 per cent per annum compared with an average for the rest of British industry of 2½ per cent.

Nor did our productivity success suddenly end in 1969. While improvements in the volume of traffic carried in ratio to staff employed was only 1 per cent per annum between 1974-79, the ratio of sales to wages showed a 4 per cent annual improvement. We have also achieved an improvement of more than 10 per cent a year over the last 10 years in our freight wagon utilisation, thanks largely to investment in modern high capacity wagons and computerised control.

We are now in a situation where increased investment is again needed to boost productivity—you need more men to maintain and operate out-of-date equipment. The pace of change is now increasing again with a manpower reduction of 6,000 since mid-1980.

The article, in selecting for analysis the Board's performance against some of its many and varied objectives, ignored the reality that, year on year, we have met our paramount objective of Government control — staying within our external financing limit—and we have done this while running what an independent study has shown to be the most cost effective railway in Europe.

It is true that my Vice-Chairman, Ian Campbell, presented a paper to the Board last December setting out three basic options for our future — do nothing, run down the system, or invest in the railway. The option chosen by the Board formed the basis of the rail policy statement published in March this year and was fully reported by the Financial Times. The statement made clear that the Board is committed to maintaining the network at its present size with increasing levels of investment.

(Sir) Peter Parker.
Euston Square, NW1.

Over-budgeting encouraged

From Professors J. Stewart and G. Jones

Sir,—As Robin Pauley has illustrated in his articles on local government finance, central-local relations are moving towards a crisis. Many of the Government's measures make more difficult responsible financial management by local authorities, who can no longer know with any degree of certainty the financial framework within which they are operating. New targets are announced in the middle of local authority decision-making. Penalties are imposed retrospectively after budgets are made. Even the grant framework is uncertain, since it can be changed after the budget year to which it applies. These expedients constitute ironically a recipe for over-budgeting, as local authorities seek to guard against the uncertainties that the Government has injected into the budgetary process.

We question the assumption that underlies the Government's approach: that it must secure for macro-economic purposes a rigid adherence by local authorities as a whole to a pre-determined aggregrate expenditure total. For macro-economic purposes it is of little significance that local government expenditure conforms to such a total as long as the difference is financed by local authorities' own taxes.

Clearly such expenditure does not have any direct effect on the public sector borrowing requirement, nor is there a major effect on demand if public goods are substituted for private goods; and the amounts that have inspired the accusation of overspending cannot really be argued to have had a serious *macro-economic effect*.

Central government should be concerned about the amount of grant which comes from national taxation and about the amount of borrowing by local government, but the assumption that it has to be concerned with local government's expenditure financed out of local taxation should be questioned before it causes further damage to the financial responsibility of local government.

If central government does not require the degree of control it has assumed then there should be a major reconsideration of its policies towards local government and the procedures *through which they are expressed*. In particular we would stress that the process in which local government expenditure which is not directly under central government control is treated in the same way as central government expenditure is in drastic need of revision.

It should not be thought that we consider all is well with local government finance. The real problem is that its main sources of income—grant and non-domestic rate—do not bear directly on local electors. Acceptance however, by both Labour and Conservative Governments of the assumption challenged in this letter has meant neglect of the critical problem, whose solution lies in new sources of local revenue to replace part of the grant and the non-domestic rate.

The conventional acceptance of the assumption that the Government requires detailed control over local government expenditure requires serious debate.

(Professor) J. D. Stewart
(Institute of Local Government Studies, University of Birmingham). (Professor) G. W. Jones,
(London School of Economics and Political Science).
J. G. Smith Building,
P.O. Box 363, Birmingham.

Run Battersea on rubbish

From the Technical Director Gilpar Trading

Sir,—Mr J. Cooper's suggestion (June 5) that pulverised rubbish produced by Greater London Council's transfer station at Cringle Dock should be used to fire the boilers at Battersea power station is, I feel, fraught with difficulties.

Incineration of household rubbish to produce heat in a traditional boiler plant not specifically designed for this purpose would result in exceptionally high maintenance costs due to corrosion and production of noxious fumes.

Even in a specially designed plant such as the GLC's incineration plant at Edmonton, which generates approximately 120m units of electricity a year, the nett cost for 1978-79 was £13.39 per tonne of waste while current costs are in the region of £18 per tonne.

The answer to the waste problem lies in composting. The dry, odour-free product of such a plant can be pelletised and has a calorific value of some 1355 BTU/pound. Production costs can be less than £2 per tonne of waste and the product can be alternatively used in agriculture, horticulture or soil improvement.

T. R. Wotton.
Gilpar Trading.
71-75 Regent Lane.
Plaistow, E.13.

Paymasters of Europe

From Mr S. Budd

Sir,—Germany, according to your issue of June 3, has been "pushed into the position of the Community's main paymaster." This is rather like saying that a cricketer who scores 22 centuries in a row and is then run out for a duck has become the team's worst batsman.

The Financial Times rarely makes such mistakes. But a thick wedge of Press cuttings in my files indicates that the majority of British leader writers and commentators on Community affairs seem to believe that it is the UK that has manfully shouldered the burden of subsidising all those reputedly inefficient Continental farmers since 1973.

As a matter of record, the "paymasters" of the Community from its beginnings (and with the single exception of 1979, even this being a matter of intense dispute in countries other than the UK) have been the taxpayers of Germany. They will carry on in that honourable but perhaps not wholly coveted role this year.

Payments to the Community budget must be equitable, and it is clearly wrong that when Britain is poor it should subsidise richer EEC countries. But to get a fair and enduring agreement on the budget mechanism we must not start from false premises. Otherwise the going will be much tougher than it is certain to be, even given honest media coverage on all sides.

Stanley Budd.
Commission of the European Communities,
7, Alva Street, Edinburgh.

Smoke signals on advertising

From the Director, Scottish Health Education Group and Mr. M Daube

Sir,—The article "Alcohol: decoding the smoke signals" (May 28) presents the kind of hysterical defence of alcohol and tobacco advertising that surely has no place in a reputable newspaper.

The article quotes a Mr Peter Marsh of the Allen, Brady, and Marsh advertising agency, who apparently claims, reasonably enough, that "many of those who were involved in lobbying against cigarette advertising are now to be found lobbying against drink advertising." This claim we would not deny: we have both been leading advocates of legislation to ban tobacco advertising and promotion, and we feel that the case for a ban on alcohol promotion, albeit in some ways different, is also overwhelming.

It is hardly surprising that Mr Marsh, whose advertising agency has had much involvement with both alcohol and tobacco, should seek to defend his own profits. His hysteria, however, runs away with him in his assertion that "there is this lunatic fringe of 3 to 4 per cent who either go into politics, murder, or decide they must abolish drink or tobacco or drink and tobacco advertising."

Murder? We have been subject to some accusations from the anti-health lobby in the past, but never, so far as we are aware, of being akin to murderers! We believe that a public apology from Mr Marsh should immediately be forthcoming. It may also be worth *pointing out* that cigarette smoking alone is responsible for some 50,000 premature deaths annually in this country; it is scandalous to suggest that we are motivated by anything other than a concern to promote health.

Happily, there are two positive conclusions to be drawn from Mr Marsh's grotesque claim: anyone who permits his fanaticism to lead him to such absurdities need no longer be taken seriously; and if defences of cigarette and alcohol advertising have sunk to such a level, appropriate legislation cannot be far off.

Mike Daube
(Senior Lecturer in Health Education).
(Dr) David A. Player,
Scottish Health Education Group.
c/o Department of Community Medicine,
Usher Institute,
Warrender Park Road,
Edinburgh.

Today's Events

GENERAL

UK: King Khaled of Saudi Arabia lunches with Mrs Margaret Thatcher, dines with Corporation of London, Guildhall.

Mr A. Street, Australian Minister of Foreign Affairs, starts visit to UK to meet Mrs Margaret Thatcher and Lord Carrington, Foreign Secretary (to June 14).

Sir Terence Beckett, CBI director general, speaks at National Association of Warehouse Keepers annual lunch, Savoy Hotel, WC2.

Mr Michael Foot, Labour Party leader, addresses General and Municipal Workers Union conference, Brighton.

Overseas: EEC Social Affairs Council meets, Luxembourg.

Dr Kurt Waldheim, UN secretary general, begins six-day visit to China.

Mr John Biffen, Trade Secretary, starts tour of Sweden, Norway and Finland.

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, remaining stages. Local Government (Miscellaneous Provisions) (Scotland) Bill, Lords amendments.

House of Lords: Debate on racial disadvantage and sex discrimination. Indecent Displays (Control) Bill, committee.

Select Committees: Foreign Affairs, on Supply Estimates. Witnesses: Foreign Office. Room 15, 10.30 am. Scottish, on youth unemployment. Witnesses: Distributive Industry Training Board; Petroleum Industry Training Board. Room 19, 10.30 am. Industry and Trade, on European air fares. Witnesses: Lord Trefgarne and officials from Department of Trade. Room 16, 10.45 am. Transport, on transport in London. Witnesses: Automobile Association; Royal Automobile Club. Room 17, 4.15 pm.

COMPANY MEETINGS

See Company News on page 25.

COMPANY RESULTS

Final dividends: Associated British Foods. Cullen's Stores. Electra Investment Trust. B. Elliott. Geevor Tin Mines. Great Portland Estates. London and Overseas Freighters. Northern Goldsmiths. Pegler-Hattersley. H. Samuel. Interim dividends: Elson and Robbins. Thos. French and Sons. Hanson Trust. United Spring and Steel Group. Westland Aircraft.

Bass improves £1m midyear and pays more

TAXABLE PROFITS of Bass, the London-based brewer, improved by £1m to £51.1m in the 28 weeks to April 11 1981 after sharply higher borrowing charges of £11m, compared with £8.6m.

Turnover for the period—including £70.6m attributable to Coral from January 2 1981 to April 11—jumped from £662.8m to £840.6m, although the directors point out that sales by volume were below expectation reflecting the serious effect of the recession and consequent pressure on consumer spending.

The interim dividend is being stepped up from 2.3p to 2.53p net—last year's final was 6.3p.

Trading profit for the 28 weeks emerged at £62.1m (£58.7m) after depreciation of £24.6m (£19.6m) and a loss from former Coral activities of £3.2m (nil) but including a surplus on disposal of fixed assets and investments which amounted to £900,000 (£3.2m). The Coral loss was attributable to the seasonal nature of these activities. Net revenue of Bass activities was £89m (£75.1m).

Tax was lower at £14m (£16.2m) and after minority debits of £500,000 (£400,000) profits at the attributable level came through at £36.4m (£33.3m).

Stated earnings per 25p share improved slightly from 11.9p to 12.1p.

Mr. Derek Palmar
Chairman of Bass

Lex, Back Page

New investment trust being floated

ANOTHER INVESTMENT trust is being floated to take advantage of the recent easing of the stock exchange's listing requirements for trusts.

United Computer and Technology Holdings is raising £2¼m by ways of rights issues at 100p per share to shareholders of **Automated Security Holdings** and **Rights and Issues Investment Trust** plus a placing of 312,000 shares.

The new trust, which is seeking a full stock exchange listing, is to invest mainly in high-technology companies and seeks capital growth rather than dividend yield.

The issue is being underwritten by brokers Greene and Co and by Energy, Finance and General Trust.

The first new trust formed to take advantage of the new rules was First Charlotte Assets Trust, which was floated last month and is concentrating on unquoted and Unlisted Securities Market shares.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims of finals and the sub-divisions shown below are based mainly on last *year's timetable.*

TODAY

Interims: Elson and Robbins, Thomas French, Hanson Trust, United Spring and Steel, Westland Aircraft.

Finals: Barlow Holdings, Cullen's Stores, Electra Investment Trust, B. Elliott, Geevor Tin, Great Portland Estates, London and Overseas Freighters, Northern Goldsmiths, Pegler-Hattersley, H. Samuel.

FUTURE DATES

Interims:	
Flexello Castors and Wheels	June 18
Imperial Group	July 9
Union Discount of London	July 15
Finals:	
British and American Film	June 16
Brotherhood (Peter)	June 19
International Timber	June 16
Pauls and Whites	June 18
Property Partnerships	June 19
Woodhead (Jonas)	June 19

Greaseaters costs reduce Sketchley profits

THE ACQUISITION of Greaseaters has eroded profits of Sketchley and, despite a recovery from £2.43m to £2.93m in the second half, the group finished the year to March 27 1981 with a lower pre-tax surplus of £5.16m against £5.74m. At mid-year, profits were more than £1m down at £2.24m.

The final dividend is lifted from 5.2p to 6.2p for a net total of 9p (8p).

Mr. Gerald Wightman, chairman of the industrial workwear rental, dry cleaning and textile finishing group, says that without Greaseater's losses, which amounted to £1.05m (£423,000), total trading profits would have been 9.5 per cent ahead at £7.36m.

In the event, the trading surplus was virtually unchanged at £6.32m (£6.3m). Group sales rose from £51.73m to £59.87m and a breakdown of turnover and trading profits by division shows: cleaning £26.32m (£24.38m) turnover and £1.71m (£2.08m) profit; industrial £25.49m (£19.75m) and £5.28m (£3.96m), textile £7.42m (£7.24m) and £177,000 (£482,000); non-trading properties profit £202,000 (£207,000). *Turnover of* Greaseaters rose from £360,000 to £635,000.

Pre-tax profits were also adversely affected by a sharp jump in interest charges, from £258,000 to £980,000. Mr. Wightman states, however, that year-end borrowings were down from £5.92m to £2.51m and have since fallen further.

The taxable surplus, which is reduced to £3.44m (£4.25m) on a CCA basis, was also struck after the allocation of £173,000 (£302,000) to the profit-sharing scheme.

Retained profits finished well ahead at £1.34m (£606,000) after tax of £2.16m (£2.53m), extraordinary debits of £302,000 (£1.4m) and the £1.37m (£1.21m) absorbed by dividends.

Earnings per 25p share are shown as 16p same) fully-taxed and 19.9p (21.4p) on an SSAP 15 basis.

Because of a decision to reinstate a provision for deferred tax in respect of workwear, the tax charge for last year has been restated. If full provision had been made for deferred tax under the liability method, the tax charge would have been £2.75m (£3.33m).

Mr. Wightman says the fall in cleaning division profits was due equally to a drop in volume and expenditure on training and completion of last year's reorganisation.

Any residual costs arising from Greaseaters in the current year will be minimal, he adds.

● comment

The 12.5 per cent dividend rise, uncovered on a CCA basis, is sign of Sketchley's confidence. This stems from the belief that the losses from Greaseaters, the degreasing equipment distributor, are now behind it. Acquired for £225,000 in 1979, Greaseaters has lost £1.469m in two years and contributed disproportionately to the company's debt-service burden. A decline in volume and training costs of about £¼m dragged down earnings from the cleaning division by 18 per cent. The maturing industrial division was the star performer with trading profit up by about a third largely as a result of new high margin sales to small businesses. The current year has started well with signs of a rise in demand for the cleaning division and continued growth from the industrial operations. A pilot scheme involving the installation of six microchip autovalet machines is proving successful and is likely to be extended. Sketchley now plans to introduce shoe repairing in half a dozen of its shops and will open several branches inside Debenham stores. The shares rose 5p to close at 240p and yield 5.5 per cent.

Derek Crouch raising £4.4m with 2-for-7 rights

Derek Crouch, the opencast mining and construction company is raising £4.4m through a rights issue of 2.8m shares on a two for seven basis at 165p.

The company has opencast mining contracts with the National Coal Board which result in annual coal production of *more than 1m tons. It is also a* 60 per cent shareholder in Power Inc, which has similar production in the U.S.

Crouch hopes to tender for additional NCB contracts, necessitating heavy expenditure on new plant; and is seeking to expand its North American mining activities.

It also intends that its Australian joint venture, Brambles Crouch, will participate in opencast *mining* when a suitable opportunity has been found.

In the course of its expansion, Crouch has taken on an increasing burden of debt, which it now feels has reached a level which might impede further progress.

HIGHLIGHTS

Leg begins by looking at the results of the tender offer for 15 per cent of Eagle Star following the dawn raid last week by Allianz. The column goes on to examine the money supply figures for the banking month to mid-May although much of *the stated 1¼ per cent in sterling M3 is said to be attributable* to the effects of the Civil Service dispute. Lex analyses the interim results from Bass as the brewery reporting season progresses before concluding with an examination of the convertible syndicated eurocredit raised by Fiat for its Iveco truck subsidiary.

That is why shareholders are being asked to subscribe fresh equity capital.

Results in the current year are expected to be "satisfactory bearing in mind the difficult economic background both in the UK and the U.S." UK opencast contracts are running profitably, though less profitably than last year. Power Inc. is expected to break even after losing $780,000 in 1980.

Construction and related activities in the UK are still losing money, but not as fast as in 1980.

In the absence of unforeseen circumstances, dividends will be maintained at last year's 5.05p (net) on the enlarged capital. The new shares will rank in full for all dividends in 1981.

Mr D. C. H. Crouch, the chairman, and members of his family who control between them 53 per cent of the present issued capital, will not be taking up their rights. The Prudential Assurance Company is taking the same course in respect of its 13 per cent holding.

The underwriter to the issue, Hill Samuel, is placing the 1.8m *rights shares relating to these* holdings with a range of institutional investors. After the issue, the Prudential will hold 10.3 per cent and the Crouch family 41.4 per cent of the enlarged capital.

Dealings in the nil paid shares begin on June 15 and the last date for acceptance is July 3.

Brokers to the issue are Panmure Gordon.

● comment

Apart from a setback in 1979, **Derek Crouch** has grown steadily enough since the shares were first quoted in 1971. Its main activity of opencast mining is cash-devouring, however, as individual draglines cost upwards of £5m. Moreover, the U.S. subsidiary has spent $18m on coal reserves in Pennsylvania since 1978. This expenditure has been largely debt-financed, and if the loans secured on the U.S. assets are included Crouch was over 90 per cent geared at the *end of last year. A desire to* strengthen the balance sheet therefore seems perfectly reasonable, particularly if further expansion is to be attempted. The ex-rights yield of about 3¾ per cent, and a prospective fully-taxed p/e on average capital of about 16, together indicate that the issue—like the existing shares—has to appeal on the basis of long-term prospects. The immediate future is unlikely to prove exciting since an improvement to break-even in the U.S. may well be offset by the reduction in profits on NCB contracts at home. The shares fell 15p to 201p.

Caffyns slumps to loss of £697,000

IN THE year to the end of March 1981, automobile agent and engineer **Caffyns** slumped from a pre-tax profit of £603,832 to a loss of £697,367 on increased turnover of £56.71m compared with £51.87m.

At the *half* year stage a loss of £62,471 (£543,638 profit) was incurred, and the directors said this was mainly due to increased interest charges.

They have recommended a final dividend of 2.3p (4.6p) making a total of 4.5p (6.8p) per 50p share.

They say the trading results for the year do not justify any final, but they believe that the worst of the recession for the motor trade is probably over, and they want shareholders to receive some benefits from a £351,620 (£184,336) surplus on the sale of property.

Government restrictions have meant that shareholders have not received the full dividend that could have been paid, they add. Therefore revenue reserves have been built up to £3.3m.

Tax for the year took £103,243 (£62,566) and the loss attributable emerged at £448,990 (£725,602 profit) after the surplus on property sales.

● comment

Before relegating Caffyns to the ranks of the misery-ridden motor distributor sector, it is important to note why the group's £1.3m turndown into loss is even worse than it appears at first blush. The company should have had at least two things going for it last year: it is a Leyland distributor with the new Metro and most of its branches are in relatively prosperous Kent and Sussex. Nevertheless, Caffyns suffered a volume drop of around 5 per cent, paid out £1.4m in interest (against £1m) and saw its margins evaporate on both new cars and petrol. The company is currently financing around £9m of stocks and is geared at 61 per cent (£9m of shareholders' funds and £5.5m of net loans). Caffyns lost more than £600,000 in its second six months last year and the company will be doing well to break even in the current year. The total net dividend has been cut by a third and the shares yield a *little* above 5 per cent at 132p, down 4p yesterday.

M & S Canada cuts first quarter loss

With sales showing a 12 per cent increase at C$41.7m, **Marks and Spencer Canada Inc** cut its net loss for the first quarter of the current year from C$1.98m to C$926,000.

The directors point out that traditionally the first quarter is disappointing. They expect the second quarter to show some recovery and are hopeful that the full year outcome will be as good as, if not better than, last year. For the 12 months to March 31 1981 this Canadian subsidiary contributed £2.51m to group trading profits o f£184.4m.

Marks first entered the Canadian market in 1972 through a joint venture with the Peoples Department Stores.

Microfilm company coming to USM

Microfilm Reprographic, which makes microfiche catalogues of machine parts and provides microfilming services, is coming to the Unlisted Securities Market by way of a placing of 675,000 shares, a quarter of the enlarged total, at 51p a share.

Started in 1970 by Mr Gordon MacRae, a former employee of Minnesota Mining and Manufacturing, the group made a profit of £36,000 on turnover of £347,000 in the year ended on June 30, 1976. In 1979-80, profit was £130,000 on sales of £1m and in the first nine months of the current year, profit was £134,000 on sales of £944,000.

Most of the group's business is in preparing and duplicating microfiche catalogues of spare parts for motor vehicles, home appliances and aircraft. It also runs a microfilming service bureau and rents

The company is forecasting a profit before tax of £190,000 for the year to June 30, 1981. It has not paid any dividends so far and does not intend to pay any in respect of 1980-81. However, dividends should be declared next year and, if this policy had been in effect for 1980-81, the directors might have recommended a dividend of 2.5p.

Of the shares in the placing, 200,000 are new shares, to raise approximately £52,000 for the company and the remainder are being made available by three directors and another existing shareholder.

The placing has been made by the company's stockbrokers, Anderson and Co.

● comment

In the brave new world of information storage and processing, microfilm technology has always stood in the shadows of the more powerful and versatile computer technology. A microfilm solution is usually second best; people would rather read from a piece of paper or have stored information delivered instantly on computer terminals. For many applications, microfilm can nevertheless be an easy winner because of its low cost but it takes considerable marketing skill to find and develop these applications. Microfilm Reprographics has built up a sizable business in the past decade by finding new uses for microfilm and microfiche. Consider, for example, a cassette containing information on all the parts in a BAe 125 executive jet that is carried with a portable reader on every plane and updated frequently. Still, microfilm has less glamour than computers in the City so the company is coming to the market on a fully taxed rating of 16.4 on the forecast 1980-81 profit. The indicated yield is 7 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Archimedes Tst. 1st int.	3.3	Aug. 14	3	—‖	6.9
Bass ... int.	2.53	July 24	2.3	—	8.6
Blyvooruitzicht	100‡	July 31	185	—	285
Brownlee and Co.	3	July 17	2.67*	3.7	3.33*
Caffyns	2.3	July 23	4.6	4.5	6.8
Capper Neill	2.1	July 17	2.1	4.2	4.2
Carr's Milling ... int.	1.25	July 14	1.25	—	4
Country and New Town	0.6	—	0.55	0.85	0.75
Doornfontein‡	200	Aug. 4	100	335	130
Durban Roodep'rt‡ int.	85	July 31	160	—	—
Kloof‡	240	Aug. 4	240	400	320
East Driefontein‡**	135	Aug. 4	—	135	340††
East Rand Mines‡ ... int.	50	July 31	175	—	—
LCP Holdings	2.5	Aug. 7	2.5	4.3	4.3
Libanon‡	200	Aug. 4	150	330	200
Thos. Locker	8.21	July 17	0.81	1.06	1.06
Narborough (FMS) int.§	0.7	June 30	0.7	—	2.1¶
J T Parrish	41	—	nil	4	nil
Sketchley	6.2	July 24	5.2	9	8
Venterspot‡	135	Aug. 4	135	2.35	200
West Driefontein‡	725	Aug. 4	860	1325	1150

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cuts gross throughout. § Subject to Malaysian tax throughout. ¶ Includes 0.6p bonus. ‖ S econd interim of not less than 3.p forecast. ** For six months. †† For year.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	1980-81 Low	Company	Last price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
76	39	Airsprung	70	—	4.7	6.7	11.1	15.4
52	21	Armitage and Rhodes	48	—	1.4	2.9	19.8	45.7
200	92½	Bardon Hill	200	—	9.7	4.9	7.5	12.8
104	88	Deborah Services	104	—	5.5	5.3	5.1	9.8
126	88	Frank Horsell	104	—	6.4	6.2	3.3	6.0
110	39	Frederick Parker	62	+ 1	1.7	2.7	27.0	—
110	64	George Blair	64	—	3.1	4.8	—	—
110	59	Jackson Group	104xd	+ 1	7.0	6.7	3.3	7.4
129	103	James Burrough	129	—	7.9	6.1	10.6	10.6
334	244	Robert Jenkins	316	− 1	31.3	9.9	—	—
55	50	Scruttons "A"	55	—	5.3	9.6	8.5	7.9
224	196	Torday	197xd	+ 1	15.1	7.7	7.6	13.0
23	8	Twinlock Ord.	15	—	—	—	—	—
90	68	Twinlock 15% ULS	80	+ 1	15.0	18.8	—	—
56	35	Unilock Holdings	42	—	3.0	7.1	6.5	10.2
103	81	Walter Alexander	102	+ 1	5.7	5.6	5.6	9.0
263	181	W. S. Yeates	255	—	13.1	5.1	4.8	9.8

SPAIN

June 9	Price %	+ or −
Banco Bilbao	317	+5
Banco Central	380	+6
Banco Exterior	300	−2
Banco Hispano	302	+7
Banco Ind. Cat.	123	
Banco Santander	349	+4
Banco Urquijo	199	+4
Banco Vizcaya	334	+5
Banco Zaragoza	241	+4
Dragados	200	+8
Espanola Zinc	88	+2
Fecsa	72.5	+2.8
Gal. Preciados	48.5	+0.5
Hidrola	79.7	+0.7
Iberduero	65.7	+2.4
Petroleos	124.5	+5.5
Petroliber	98	+2
Sogefisa	65	−2
Telefonica	72	+2.8
Union Elect.	74	+3

CORAL INDEX

Close: 544-549 (−2)

OIL INDEX

July Refined $39.25
October Refined $40.60

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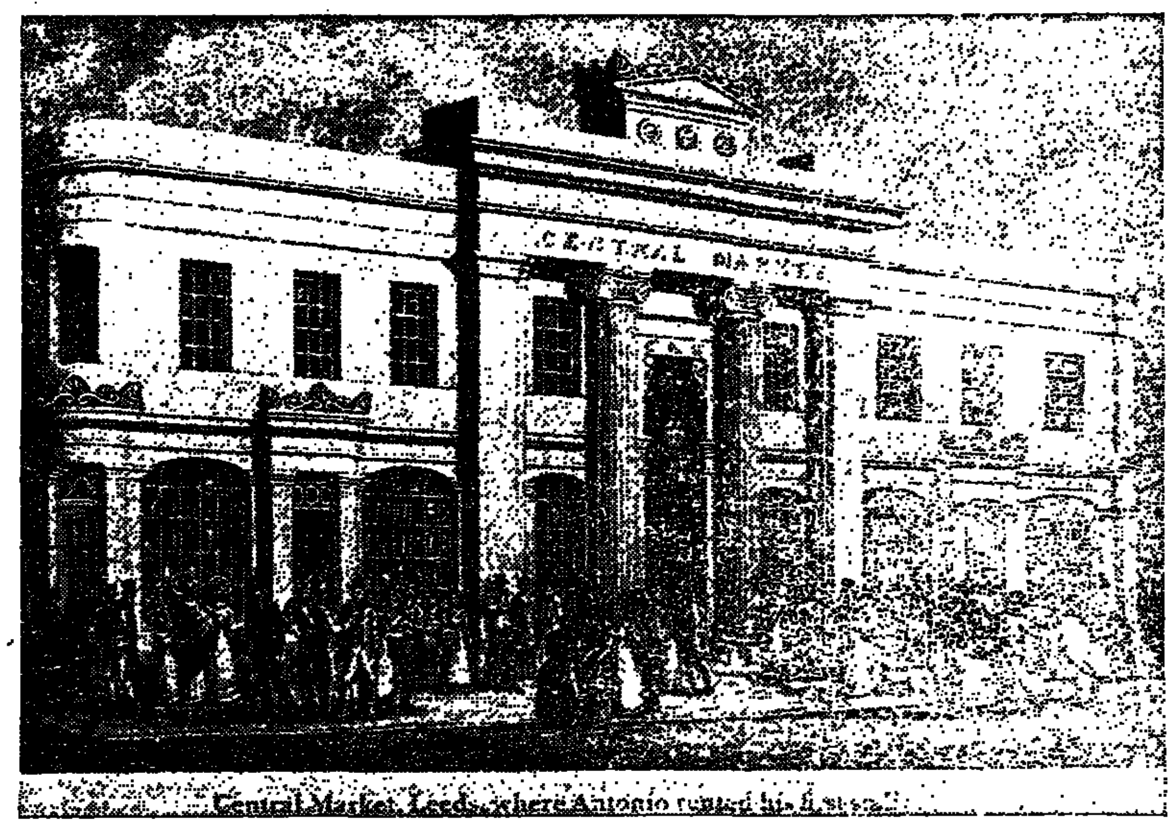
EMPIRE STORES 1831-1981

Relatively few firms in Britain today can claim to have been founded during the reign of William IV. This year sees the 150th anniversary of one of them. Empire Stores Ltd., the well known Bradford mail order company, which has maintained an unbroken trading history since its inception in 1831 by an enterprising young immigrant from northern Italy, Antonio Fattorini. Members of this family still sit on the Board of Empire Stores today and the company still holds firm to the founder's original principles of good service, value for money, goods at an affordable price. This was the fundamental basis for the firm's success in those early years and it is the policy that Empire Stores follows today.

The fascinating history of a company that has always put the customer first



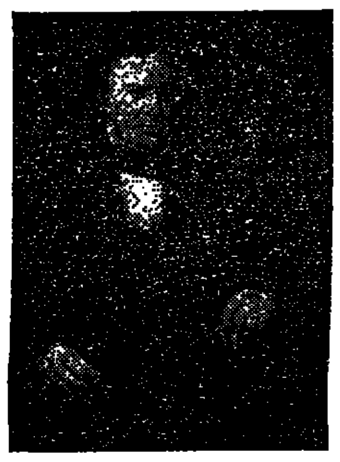
Central Market, Leeds, where Antonio [illegible]

The fascinating early history of the company not only mirrored the unprecedented social and industrial developments of the last century, but was part and parcel of them. The changing structure of society in the early 1800s brought with it a changing pattern of purchasing requirements. A growing urbanised population, a growth in communications and the industrial expansion led to a higher demand for material goods and a more efficient distribution of them. Up to that time, country fairs and travelling pedlars had catered *for much of the requirements of the predominantly rural* population, but by 1850 the fairs had lost their marketing functions altogether.

Growth of town markets

Instead, there was a corresponding growth of town markets and Parliament passed laws to improve the conditions and facilities of these public market places. The first new type of market to come into being as a result of these improvements was opened in Liverpool in 1822 and *it featured covered pave*ments, built-in shops, toilet facilities, fresh water pumps and gas illuminations. Two such markets were built and opened in Leeds in 1827, the Central Market on the corner of Duncan Street and Call Lane, and the Briggate market between Briggate and Vicar Lane. Here was the place which witnessed the birth of the modern Empire Stores, all of a 150 years ago.

Antonio Fattorini had come to England in 1815 at the age of eighteen from the shores of Lake Como. The reasons for his *leaving his native Lombard* village of Bellagio had been simple: he had left to join the Duke of Wellington's army against Napoleon to preserve Lombardy's separate administration in the face of a potential French victory. However, by the time he reached the army, the battle of Waterloo had been fought and won, so Antonio and six of his friends decided to head for England with its reputation of "the workshop of the world."



Antonio Fattorini in later life

After a number of years as a travelling pedlar, selling cheap jewellery, looking glasses, barometers, watches, scissors, razors and penknives, Antonio, who had in the meantime married an English girl, Maria, moved with his wife and son to 1 Upton's Yard, off Briggate in Leeds. At the new Central Market he established his first permanent trading site by renting a stall for 1s 3d a day and stocking it with his usual range of fancy goods, but augmented with a variety of more commonplace items such as pots, pans, boots and kneepads.

Origins of Empire Stores

By 1830, the Fattorini's had three sons and during the fol*lowing year the family moved to* a larger house at 4 Turk's Head Yard, also off Briggate. During 1831 he took his most significant step by giving up his existing stall in Central Market and taking an £18-a-year lease on a small lock-up shop in the 'bazaar' section of the Briggate market. The bazaar was a long balcony on the inside of the market building lined with a number of small shops which were a particular attraction to the working people of Leeds for their more fanciful requirements. Antonio immediately realised his ambition of selling

A catalogue of successful names...

AIWA Sound science at its best
ASHTONS Pretty Wise
ARCOLA
ADVANCE
AFA-MINERVA FIRE PROTECTION AND SECURITY
adidas The mark of a winner
AJE
Appleyard
alacra BÖWE
ALKO international
Accurist
Ablec
ASSOCIATED WEAVERS
Astraka
BENDIX
ALBA
ASSOCIATED SPECIALISTS
B.P.C. Business Forms Ltd.
BERGER PAINTS
Beldray HOUSEWARES
BRAUN
Bramel
Bothwell Textiles
James Bennett
BSA OF ENGLAND
BACUP SHOE
BANTEL
BINATONE
BRADGATE TEXTILES LTD.
British Fuel Company
BOWATER SACKS LIMITED
bontempi
BUTTERFIELD
BYMACKS (UPHOLSTERERS) LTD.
Balloon
BABVALE KNITWEAR
BARCLAYS
BaByliss
Berkertex
cristal tiles
BUOYANT
B.Y. Clothes Ltd.
CALOR Gas
BRITTANIA
A.BECKMAN
Corrington Apparel Fabrics
Colibri
CARLSBRO
Geo. J. Cox
CARL ZEISS JENA
Checkmate Fashions Ltd.
chicco
CMC COLNE MEDICAL CO LTD
CODEG
Cherub
Chelsea
CELBRITE
C.P.S. Jewellery
Computer Games Limited
Campari
Cottingham Timber Co. Ltd.
CONTOUR DOORS LTD.
COX CABOT
Clayton Strutt Ltd.
CROWN
Craftdene Furniture Ltd
Craddock
Diana Cowpe
derby-nyla
CDW
CENTRAL MANUFACTURING CO (ROCHDALE) LTD
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CORNING
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Dennison Equipment Co. Ltd.
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DONEX Merchandise Co. Ltd.
Darlington Fencing Co. Ltd.
JOHN DAVISON & SON (LEEDS) LTD
DELSTAR AUTO EQUIPMENT
DALE
Double 'R' Knitting Ltd.
DUNLOP We'll bring out the best in you.
LR
DRG Sacks
L.R.Davies
Double Two Shirtmanship
Royal Doulton
DorluxBeds
Dictaphone A Pitney Bowes Company
DB
Duraflex Cresta WIDEFITTING SHOES
DELDEN
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'real' jewellery, plate and good quality glassware, but he took care to confine his trade to the lower end of this market as he fully realised that his success up to then was based on low profits and high turnover. This was the origin of Empire Stores, from a small two-day-a-week bazaar in 1831, to today's multi-million pound trading company servicing over 2 million customers in the UK.

During the days when he was not running his shop in the Leeds bazaar, Antonio traded at neighbouring markets. One town which attracted his attention, particularly because two fashionable London stores, Marshall & Snellgrove and Debenhams, had opened there, was the spa-town of Harrogate. Consequently, in 1841 he opened a branch of his jewellery and fancy-goods business there at 14 Regent's Parade, which he advertised as 'Fattorini's Oriental Salon.'

This required attention six days a week so he moved his home to be near the business. The Harrogate venture prospered and in 1846 Antonio placed its management entirely into the hands of his eldest son Antonio and again moved, this time to Bradford, and today's home of Empire Stores, to establish another much larger branch of the business.

The move to Bradford

Bradford was a rapidly growing town at the centre of the worsted industry and with quickly expanding industries. Its population had grown from 6,400 in 1801 to around 70,000 in 1846 and Antonio had earlier perceived a need for another jeweller's shop in the town. Together with one of his seven sons, Edward, he converted a large two-storey building at 28 Kirkgate into a smart modern *jewellery and silversmith's shop.* Known as Fattorini and Sons, it became famous in Bradford and beyond for the range, quality and price of its goods. As its reputation grew, the Leeds market shop was closed, and Antonio took life a little easier by leaving the running of the Bradford shop mainly in the hands of Edward.

Bulk buying and advertising

Close by to Bradford, in Skipton, another branch of the Fattorini business was started by Antonio's 18-year-old son Innocent, together with a friend of the family, Baldisaro Porri. This concern co-operated with the other Fattorini shops in bulk buying and advertising, although it was independent of the Bradford firm. Its later development closely paralleled that of Bradford's, however, the company entering the mail order business in 1911 under the name of National Direct Supply Stores. This quickly outgrew the shop business and was eventually merged with the mail order company of John Myers and Company.

1852 was a significant year for the Bradford enterprise, as it saw Antonio's youngest son John join the business. John had served a five-year apprenticeship with Richard Heselwood, a watchmaker and jeweller in York. However, it was his astute business awareness which eventually led the firm into mail order. John was aware of two important factors, which were later to have a considerable influence on the development of the Fattorini concerns. Firstly, he saw that there wasn't a working man in Bradford who had a watch in his pocket; but secondly, he perceived the growing need for them to own one despite the fact that they couldn't afford it!

Fattorini watch clubs

He reconciled these two contradictions by looking closely at the manufacturing developments of watch makers in America. In 1853, the American Waltham Watch Company of Boston had begun manufacturing large quantities of pocket watches by mass production. These suffered little in terms of quality compared to the handmade variety but the makers had revolutionised the price, for whereas a handmade watch cost several guineas, the Waltham watch could be purchased retail for as little as a pound.

Ingenious solution

A pound was still a week's wages for a working man at the time, however, but John discussed the problem with all the members of the Fattorini family and came up with an ingenious and simple solution. The answer led to the formation of the first Fattorini Watch Clubs as a means of introducing a system of credit to enable working people with little or no creditworthiness to buy watches and clocks without risk of bad debts to the firm. Each club was properly constituted with a committee, chairman and treasurer, and its members agreed to meet once a week at their local public house for the purpose of subscribing 6d a head into a common fund for a period of 50 weeks. When a sum of £1 5s had accumulated, it was sent to one of the Fattorini shops for the purchase of a silver pocket watch. The shop gave a discount on the watch which was put into the club's social fund and the watch was then raffled within the club. The winner continued his subscriptions until the end of the 50 week period and this process was repeated weekly until all the members had received their watches.

This system of free credit was self financing and without risk *to the firm, since all risks of* bad debts were borne collectively by the club members who, through their committee, were able to exclude bad payers from membership. In time, the watch clubs developed into valued social institutions, with friends and neighbours meeting around a glass of beer. The list of goods was expanded to include a variety of items, from sewing machines and work boxes to cutlery and clocks, and eventually members were paying between 6d and 2s 0d a week. The draw was made for a cheque that could be spent at a Fattorini shop only, and if a club was any distance from a shop, the exchange of cheques for goods was done by post. For this purpose, the firm issued catalogues and by so doing instituted a mail order business.

Antonio Fattorini watch club catalogue 1875

It had all of the features of free credit, discounts (or commission) and postal communication that are the essence of all catalogue mail order businesses today. Fines for late payers together with the discounts on all the goods were used to provide a supper to the members at the end of each 50 week period.

Quality control

These clubs flourished and by the turn of the century there were over 1,000 Fattorini clubs spread over the country. Each one, in effect, was a small Fattorini branch with a steady turnover without the expenses of staff or premises. Their success was largely attributable to the Fattorini policy of dealing in good quality merchandise at competitive prices—much attention was paid to quality control, particularly for watches where only the ones which kept near perfect time were sold to the firm's customers.

Antonio Fattorini died in 1859 by which time the Bradford business had far outgrown the Kirkgate shop. In 1861 another large shop was opened at 28 Westgate which immediately gave two advantages: firstly, it enabled the firm greatly to enlarge its range of goods; and secondly, it allowed the Kirkgate shop to specialise in better quality luxury items, while the Westgate branch concentrated on building up a trade at the lower end of the market. The catalogue was therefore much enlarged and circulated not only to purchasing clubs, but to the general public and into the homes of the local gentry.

Other company developments of the period included the manufacture of their own watches in the 1870s and the design and supply of a considerable range of sporting trophies, regalia and associated goods. By the turn of the century the latter had become an important part of the three businesses at Skipton, Harrogate and Bradford.

The first 'proper' catalogue

By 1890, a move of the Kirkgate shop to new premises and an extension of the trade at the Westgate shop into a general range of household goods gave rise to the company's first proper mail order catalogue; proper in the sense that it offered many of the everyday requirements that people would normally have obtained in a shop. In 1907, the mail order side of the business had grown so large that a separate company was formed to deal with it. This, the Northern Trading Company, was the parent of Empire Stores and it was established in a large warehouse at 20 Sackville Street, Bradford.

Northern Trading agents were active all over the north of England, acting as salesmen to their *friends, neighbours and workmates,* and receiving in return a commission. The expansion of *the catalogue into general household* goods appealed to an entirely different range of customers than its earlier club business. These were large families often existing on £1 10s a week or less, and through the system of continuous credit Northern Trading made it possible for the impoverished to attain a standard of living which, however humble, was otherwise beyond their reach. The 'weekly' system was ideal for them and from the company's point of view the secret lay in the careful buying of strong and durable goods, but of the cheapest quality.

The Fattorini FA Cup

Also in 1907, the Fattorinis set up another concern; a retail company called Sports and Pastimes. This was designed to take advantage of the Kirkgate shop's growing trade in sports trophies by selling sports clothes

and more names...

Enterprise Textiles Ltd.
ELSWICK Flymo ELBE Footwear Eatoughs Ltd. Elite Exquisite Fabrics Edelson Furs by Edelson ELFtone
flair Filigree in Diolen Formation Furniture Limited Frister+Rossmann Sewing Machines Festival EISENMANN & CO. LTD. eumig FENAMEC
flair FALMERS Falcon Cycles GRENSON shoemakers 4 generations Figuretrim by Colne Medical Gillman Bros. R. Griggs & Co.
Gordon Grant & Co. Ltd. Glovease Shoes Ltd. Goya International F. Goldsmith GABICCI Grove Belt & Trimming Co. Ltd. I. Gibson & Son Ltd
Gola Gay & Franklins Gilchrist GRANDSTAND Camping Gaz International G.M.C. Jewellery Ltd. GIFT HAMPERS LTD HITACHI
HARBARRY GARMENTS LIMITED HADEN Philip Garrelle Harringtons Musical Merchandise HIGHWAY Suede and Leatherwear Ltd. Healthex James Hill Travel
he Hall & Earl Garments Limited E.& L. HARRIS (LONDON) LTD. HOVELL'S LTD Homeray Carpets GS IONA Hago Hozelock A. E. HOLT Ltd. FABRICS LTD Hambleton Bard HAWTIN INTERNATIONAL LEISURE BRITISH MADE BIG H HOMEWORTHY
HOOVER Horrockses Ltd. KENWOOD Ind Coope Home Sales Limited Imperial Typewriters IANTHE Interwainer Handbags HANIMEX JVC P. T. HARTLEY JOCKEY
JETS JEANS JEWSBURY'S JVDB JACOBSON VAN DEN BERG & CO (U.K.) LTD S. Jaeger & Son
JO-Y-JO KAY Kandel & Jacobs Ltd. Knirps International Kinglynne by Castletex kids & co complete in car protection KANGOL KRUPS Luxaflex
KingMaster Kodak KANGOL K C LEVEX. LOTUS The London Clock Company Limited
Kidds Advertising Ltd KENWEAR KEMPNER Keystone KENNING MOTOR GROUP Kingfisher Prams Kingston Carton Company Limited Kundo Quartz Lilliput Lee LONDON LOOK Lambert Howarth Group Ltd. Lancaster Carpets LAN-BAR
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Empire Stores Empire Stores Empire Stores Empire Stores

and equipment as well. An important event which further enhanced the company's reputation in sporting circles was the winning by the Kirkgate establishment of a competition to design and supply a new silver cup for the Football Association. The Fattorini cup, made in 1911, is the one played for at Wembley today! It cost 50 guineas and by a happy coincidence Bradford won the cup in that year by beating Newcastle United in a replay at Manchester.

John Fattorini died in 1909 aged 77. It was he who pioneered the early clubs and developed them into mail order business. In December of that year, a private limited company was formed to take over the whole of the Bradford business and its subsidiaries. Called Fattorini & Sons Limited, it had a nominal share capital of £100,000, all of which were held by members of the family.

Birth of the modern company

The application to the Registrar of Companies to incorporate Northern Trading Stores as a company in its own right was refused on the grounds that there already was another company trading under that name. Instead, the Registrar himself suggested the present-day name of Empire Stores, a suggestion which was obviously taken up! During its first year of trading, Empire Stores made a satisfactory net profit of £10,417, this at a time when high street shops were engaged in a fierce price war. Empire Stores competed with this as well as the offering of 'easy payments' by the larger shops through their low profit policy and by maintaining a system of fast delivery—often the day following receipt of an order.

Developments within the group over the next few years saw a subsidiary wholesale firm, E. Robertshaw & Company Limited, formed to supply not only Empire Stores' requirements but many retailers in and around Bradford. In 1915 another company, Bradford Textile Limited, was formed to manufacture the large quantities of schools' and sports clothing being handled by Sports and Pastimes. In addition, Fattorini & Sons took over the medallist firm of Joseph Moores in Birmingham and both companies won substantial Government contracts during the First World War for cap badges, shoulder titles and other insignia and medals.

Years of growth

The depression periods of the 1920s and 1930s were bad times for the retail trade in general but for Empire Stores they were years of growth. The newly unemployed of those times were forced to resort to the 'weekly' method of buying for their necessities. By 1930 over 8,000 agents were receiving the catalogue, the year before seeing Empire Stores move from their Sackville Street warehouse to a much larger building in Canal Road, now the company's head office.

The effects of inflation since those times can be seen by looking at some of the prices in the 1930's catalogues. For example, two piece men's suits were advertised at £1 19s 6d ready made, binoculars from 16s 0d per pair and gramophones (complete with records) ranging from £2 10s to £6 10s. Eventually, however, the continuing depression began to take its effect on the mail order companies. There began a serious slow down in payments of customers accounts and the company was forced to take its own economy measures.

After the depression

Eventually the depression lifted after 1935 and in the Fattorini group all departments were expanding. The catalogue grew to a volume from which a home could be completely furnished.

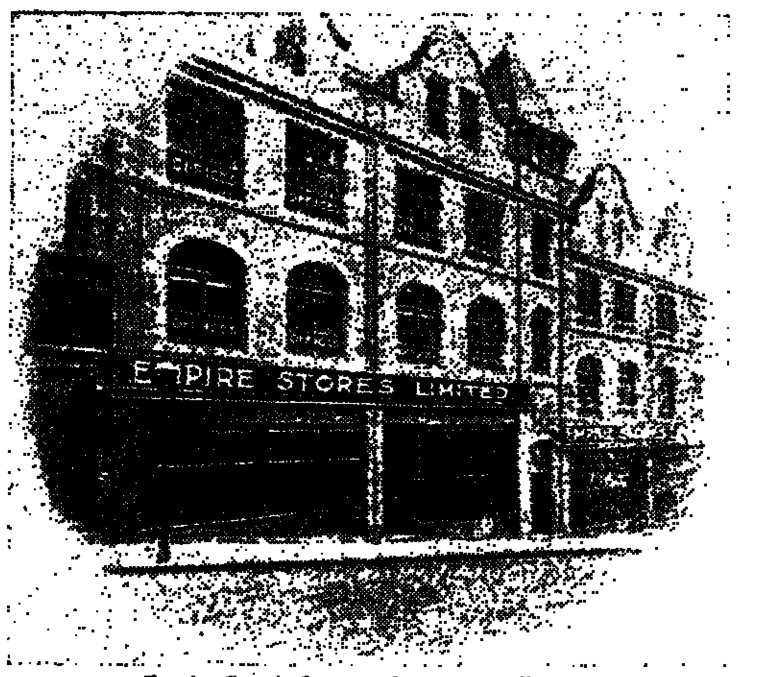
But no sooner had that period of rapid growth been established than with the outbreak of the Second World War, the catalogue was reduced at a stroke to a size comparable to that of the Northern Trading Company which had first established the mail order business at the start of the century.

One by one, as items became impossible to obtain from manufacturers so they disappeared from the catalogue. Selling wasn't a problem, however, as witnessed by the large queues to be seen outside any shop which had anything to sell. As a result, agents were sent a list, soon after each edition of the catalogue was issued, of items which were 'sold out and unrepeatable.'

The affluent society

In 1946, a new era for the company was started when the management of the mail order business was handed over by Edward Fattorini to his son Joseph, who had returned from his wartime duty in the 6th West Yorkshire Regiment. During his army service Joseph had become friendly with his regiment's commanding officer, Colonel C. T. (Mick) Wells, a friendship which was to have a significant effect on the future of Empire Stores Limited. Both men were convinced of the coming of a post war affluent society which would give enormous potential to the mail order industry and Joseph's first consideration was to arrange for his one-time commanding officer to join the Fattorini Group. This he eventually did as marketing manager of Empire Stores.

Their first move was to reorganise the firm and put it on a modern, efficient footing. New departments were formed to deal with cost control, stock control and, most important, credit control. Mick Wells expanded the recruiting of new agents which led to the re-expansion of the catalogue. Another development concerned the changing of the image of the mail order business to cater for the needs of the now higher paid, and therefore more discriminatory, class of customers. In order to compete directly with high street stores, in 1950 a campaign was started to persuade famous manufacturers with well known branded goods to supply the mail order industry with their products. Despite the opposition from the retail shop trade, manufacturers soon realised that they could not afford to ignore the fast growing mail order business and by 1960 there were few nationally advertised goods that could not be obtained through a catalogue.



Empire Store's first warehouse and offices Sackville Street, Bradford

Empire Stores' catalogue front 1932

A page from the 1950 catalogue "They wear better—look smarter"

1981 Empire Stores cycle marathon won by Ludo Peeters

First £1 million in 1953

Empire Stores' growth continued in the 1950s, passing the £1 million turnover mark in 1953 and £3 million in 1958. By that time they were supplying some 20,000 agents. In 1957 the Tyrell Street jewellery shop was sold to H. Samuel Limited, a move which represented the breaking of the group's last links with its original business started 126 years earlier. In 1960, however, the now dominant Empire Stores employed some 600 people to handle their goods, which had an annual value of over £4 million. The prediction of the post war affluent society had come true.

Going public

1960 was a notable year for it was then that the firm was formed as a public company under the name Empire Stores (Bradford) Limited. The new company issued 850,000 5s 0d shares which were marketed at £1 2s 0d each and oversubscribed 11 times! The public company became the parent of the following group: Empire Stores Limited; E. Robertshaw and Company Limited; Sports and Pastimes Limited; The Bradford Textile Company Limited; Bradford Textile (Sales) Limited; and Fattorini and Sons Limited. The move paved the way for an ambitious programme of further expansion.

The first planned move was to increase the warehousing capacity and in doing so the company decided to design and build a warehouse to their own requirements sufficient to accommodate the expected future growth of the business. A suitable site was chosen at Lupset, halfway between Horbury and Wakefield and not far from Dewsbury where the original Antonio had launched his business in the early days. The building was fully operational within a year and by 1965 a new drive for agents increased their number to 30,000. Staff increased to 1,500 and they despatched 2¼ million parcels that year. Turnover reached more than £12 million in the following year and the catalogue then contained 17,500 items. Since the mail order profits at that time of over £1 million represented 97 per cent of the group's consolidated total, it was decided that Sports & Pastimes together with its subsidiary Bradford Textile should be closed and the 29,000 sq. ft of space which they occupied at Canal Road be put to better use. Despite the nation's problems of the late sixties and early seventies, Empire Stores countered the effects by increasing efficiency and introducing labour saving methods. The most serious difficulties for the company occurred in 1969 due to a series of industrial disputes within the Post Office, the effects of which were felt long after the strike. Despite this, however, the year ended with another record profit through the sale of an estimated 20 million items. The same year saw the winding up of the E. Robertshaw company and all future buying was done by Empire Stores. The rapid escalation of the size of the business, and its associated staffing and clerical problems, led to the introduction of the IBM Computer System in 1970. Since then progress has been rapid and continues and there is now virtually no side of the company's operations in which the computer systems are not involved.

Purpose-built premises

The early seventies saw more than the usual trials and tribulations for the company from outside events, but business continued to grow and it became necessary to build a new warehouse. A 216,000 sq. ft. building was therefore erected at Crigglestone at a cost of £1.5 million and into it were built all the most modern merchandised handling techniques. Conveyor loading is now carried out by computer and many innovative programmes were written "in house" to suit the company's particular business. The delivery system was developed too by the setting up of regional depots throughout the country together with a fleet of its own vans. At the end of June the company will have some 200 of these on the road serving 50 per cent of its agents via depots in

and more names...

Loewenstein & Hecht Ltd.
LANSING
Lord & Co (Manchester) Ltd
L.P.C. BUILDERS
Limit International
Lanfine Weaving
LPM Leeds Paint Manufacturing Company Limited
Lawson Ward
LIGHT IDEAS
H. MITTON LTD.
Lodge & Green
Missle, Tattersfield & Partners Limited
MEMOREX
Moulinex
MET Instrumentation
Marston Lea Ltd.
merit
melas Hosiery Company Ltd.
fwm F. W. MILLETT
MADDOX
MARK RUSSELL
DAVIDE MARC
MELLERWARE
Morris Vulcan (Sales) Limited
Triang Toys Limited
PYROCLENSE
Malroy Products
D. Morphy & Co. Ltd.
Mawdsley Bleachers Ltd.
MATCHBOX
FRED manshaw LIMITED
Mamod STEAM MODELS
MOFFAT
METAMEC
Nationwide Mastercare
MARLEY
Marsylka
MILLERS FOOTWEAR LTD.
NAC Northern Air Conditioning Ltd.
Nicholas Bros Ltd.
NAIRN
NEW PLAN
Niwo
NATIONAL CARRIERS CONTRACT SERVICES
Overprinting Machines (UK) SPEEDPRINT
OSMAN
PHILIPS
probus ENGLAND
PLAYTEX
Pearce & Cutler Group
"pot black"
C. Proctor and Son.
PEGGY PAGE LIMITED
FRED PERRY SPORTSWEAR LTD
JOHN PICK & CO. LTD.
PILOT
Pellerine Lingerie
Palitoy
Paramount
PROCTOR-SILEX
PYE
PENTAX
PARKER-HALE LTD.
PIFCO Designed to work better.
Porta Potti
Pickfords REMOVALS
Photax
RICHMOND TABLEWARE
Rand Rocket
Phoenox Textiles Ltd.
ROLLY TOYS
Peradon & Fletcher Limited
JERSEY PICCOLO
RELUM
RAMMON WEATHERCOATS LTD.
JEFFREY ROGERS KNITWEAR PRODUCTIONS LTD
ROSE AND COLBERT LTD.
Regency Plastics
Rajy CLASSIC JEANS
Rosetti Musical instruments & accessories
ROTEL hifi
C. ROSEN & SONS LIMITED
Miss Rose of London
RAEL BROOK
ROTARY INTERNATIONAL PRECISION
Remco MANUFACTURING JEWELLERS
Rollei
Stylerite
Regent
"REFLECTORLITE"
Brian Sharp Marketing Ltd
D & B. Shaw Limited
STIRLING COOPER
SMITH-CORONA
Stability SOCKS FOR MEN
Scholl
H.B. SWALES & SONS LTD.

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Empire Stores Empire Stores Empire Stores Empire Stores

Cumbernauld (near Glasgow), Bishop Auckland (County Durham), Chepstow, Warrington and Coventry.

In 1978 the last link with the past was broken when the Birmingham manufacturing subsidiary, Fattorini & Sons, was sold to its then Managing Director. Not only did it represent the severing of the last link with the name of the founder of the business but also with the jewellery trade upon which the Bradford firm had been originally founded. It is just one of the historically fascinating facts of the company that, in Italian, the name Fattorini means 'messengers or deliverers of goods'!

Also in that year, Mick Wells retired from his chairmanship of the company, a position which he has occupied since taking it over from his comrade in arms, Joseph Fattorini in 1972. The foundations of the company today were undoubtedly built on the partnership between these two men, who between them had built up the ailing post war concern into a £150 million turnover business in just 35 years.

More aggressive stance

Today an increasing number of people are finding it preferable to shop at home in comfort, from a catalogue that offers just as much variety and choice of goods as the largest superstore. With the new shopping revolution, whereby a considerable section of the public switched their allegiance from the high street to large out of town stores, mail order companies had to adapt a more aggressive attitude to the market place. The fact that they have succeeded is demonstrated by the statistics which show that mail order retail sales have now equalled those of the department stores, compared to the early '60s when they were only half their total. Now, about 9 per cent of all non-food retail sales in Britain are made through mail order, a figure which is continuing to grow and compares to 7.1 per cent at the beginning of the seventies.

Empire Stores is the fifth largest mail order company in Britain, representing some 6 per cent of the total market. Its turnover is around £150 million per year through its 400,000 agents and the computer now produces 14 million warehouse orders each year, 6 million invoices, 12 million Giro forms, as well as processing 1 million 'on approval' returns.

The development of the catalogue itself, now to two volumes a year, each with over 900 full colour pages and containing 5,000 articles, has been a significant part of the company's expansion. The print run for the spring 1981 catalogue was over half a million copies, representing over 1,000 tons of paper. Modern techniques used by the Bradford printing firm of Watmoughs Limited, colourful and accurate representations of the articles themselves in their natural settings and an overriding attention to detail has given Empire Stores the best ambassador possible for their mail order business. Together with options of colour and size, etc, the number of items in the catalogue totals 25,000 and it is divided into a number of departments, each of which is subdivided into small sections. Empire Stores' principle is that the catalogue is their shop — the catalogue page - is the shop window and each departmental buyer is responsible for ensuring that the shelves behind the window are fully stocked and that the prices are not put up during the season.

The 'Butterfly' knot

In 1978, the catalogue was further updated by the adoption of a new symbol or 'logo'. This was part of a campaign to present a more modern image to the public, and after much thought and consultation, the present butterfly symbol was adopted. The brief was that it should be both feminine and direct in its appeal and the result was a bow or knot tied in the shape of a butterfly. This suggests both fashion and movement as well as conveying that aspect of mail order which everyone enjoys, the receiving and opening of a parcel. This logo is now extensively used in most aspects of Empire Stores' business.

The quality and price of the catalogue merchandise depends on accurate and careful buying by the various departments. Whilst Empire Stores has had to increase its overseas purchasing considerably to remain competitive with its main rivals, who had begun buying extensively from the cheaper overseas markets, the company continues to give preference to home manufacturers wherever price and quality meet its need. A quality control department is situated in each warehouse to inspect and approve all initial manufacturer's samples and subsequently check every future delivery to ensure that the goods meet the original standards. A group of garment technologists check fit, comfort and wear in 23 different tests to ensure a high standard is maintained and laboratory checks are used on all fabrics, particularly for fibre specifications, as well as on other materials. About 4½ per cent of the initial intake fails to meet Empire Stores' standards and is returned to the manufacturers for replacement.

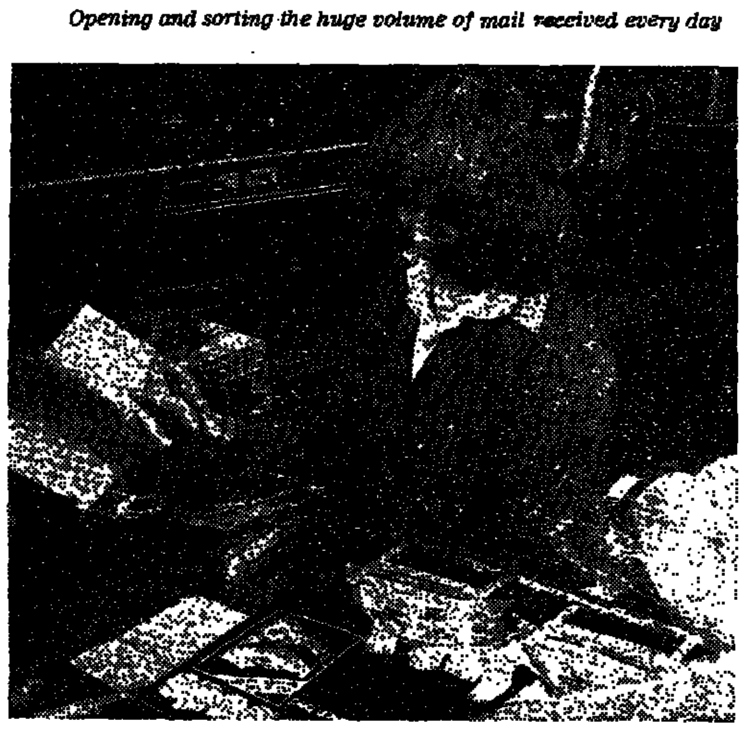
Personal service

The incoming mail of a mail order company is its lifeblood. About 30,000 items of mail arrive every day at Bradford.

Attention to giving a personal service is regarded as being of prime importance by Empire Stores, and every day a group of senior managers sit down to a 'post' meeting, chaired by a Director. Letters referring to poor service, faulty goods or other problems are singled out, discussed and allocated to the department head responsible for personal attention and immediate action. Any special problem is referred to the Customer Service Department. If merchandise does not come up to the correct standard it is immediately replaced, as are items damaged in transit, when questions of packaging and transport are studied and rectified.

Fast processing and delivery is also an essential requirement. The Kettlethorpe warehouse has just undergone a massive £1.5 million expansion to allow for future growth and it incorporates developments of the most advanced handling systems. Agents' orders are passed straight from the post room to the computer department and throughout the day 'order picking' sequences are determined to select the goods from the warehouse shelves in the most efficient order. Each agent's order is handled by staff in the warehouse with the help of a constantly moving conveyor belt, which is adjustable for speed. Thus the flow rate of picking can be closely controlled to ensure an efficient and speedy despatch. About 50 per cent of the delivery is done via Empire Stores' own fleet of 200 vans and lorries, with most of the remainder going through the Post Office.

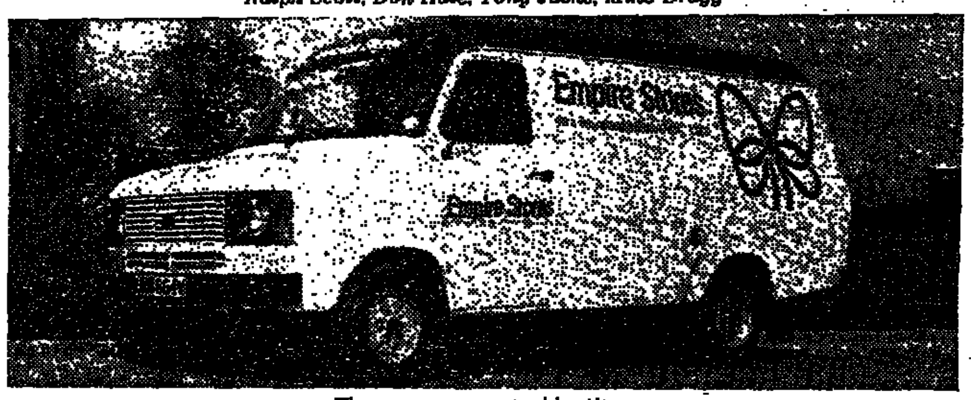

Opening and sorting the huge volume of mail received every day


Packing customer orders


James Fattorini


Joseph Fattorini


The Board. From left to right: Keith Whitaker, John Simon, Peter Fattorini, John Gratwick, Ralph Scott, Don Hale, Tony Jacks, Mike Bragg



The new corporate identity

Value for money

There are currently some 3,800 shareholders in Empire Stores and nearly 80 per cent of the total shares are owned by large financial institutions. These have provided the necessary backing for the company's modern expansion, while the continuing success of Empire Stores is due to a number of highly held principles. First, it has always given priority to providing good value for money; second, the firm has always concentrated on giving a personal service to its customers; third, from its earliest days it has been progressive in outlook and capable of evaluating and adjusting to social, economic and technical changes; and last, but by no means least, the firm has always enjoyed a good relationship with its staff in and around the Bradford area.

Mail order will continue to increase in importance in the future and, in doing so, will have to continue to adapt its methods to suit changing conditions. The development of viewdata, video tapes and discs will further shorten the line of communications between the mail order trader and his agents and the company is well prepared to take advantage of these benefits. From a pedlar's legacy, the modern Empire Stores has travelled a long road over the last 150 years. But its original founder, Antonio Fattorini, would be delighted that it is doing no more in essence, than he did when he tramped the lonely roads of Yorkshire all those years ago: that is, making life easier and more pleasant for people by supplying them with things that they want at a price and on terms they could not otherwise afford.

and even more names!

SKOL
Shipton insurance
SPEAR'S GAMES
SUREWELD
SILVER-REED
André Stephen MADE IN ENGLAND
STROBE EQUIPMENT LIMITED
DAVID SCOTT
superjouet
Stephenson Bros Ltd
STEREOSOUND
Swithin Continental
SETACREPES
SCULPTURE ELECTRONICS LIMITED
STOFFEL SEALS LIMITED
STROKEWORTH
SHARP
I.B Sharp Associates
SOLAR
Lesley Scott
Sportsplus
sacha london
SEKONDA A LOT OF WATCH FOR A LITTLE MONEY
Silentnight The beds more people are settling on.
Swish
SOUDÉ
SANYO
SOMIC
J. J. Silber Ltd.
SPEEDO
JAMES SPINKS AND SONS LIMITED
SWORDFISH BEACHWEAR
Swegmark NELSON LTD
SHELLEY TEXTILES
Susan Lord
SOLK chairs
Melbourne
Sutcliffe Melbourne
Swizzels Matlow LTD
WHS Distributors
JOHN HATHERILL, STEPHENSON & COMPANY LIMITED
Scippio
Sharna
WALTER SWINN & SONS LTD.
Sleepeezee Limited
Simon Jeffrey London
sentinel
Stag Slax
TP
tellux
SECURICOR IDENTITY SYSTEMS LIMITED
Jack Taylor
Talamade
telitoy
TRICITY
toga textiles
TARAK
Techniform
Trutex
Triumph INTERNATIONAL
Textured Jersey Ltd.
TRIDENT LIGHTING LIMITED
Universal Stationers
VERBER
trickers international
Threlfalls bedroom co-ordinates
White's white's electronics,
TOWER COOKS TRUST IT
T&T
TOOTAL
John Wilkes Footwear Ltd
unicorn The Big name in darts
UB Biscuits
Wallace Arnold Tours Limited
vivi
Vedonis
Charles Walls ADVERTISING
WEIDER
Tapp & Toothill (Stationery) Ltd.
W. F. WARD & CO. LTD.
Wilson, Gumpert & Co
WEBLEY THE FAMOUS NAME IN AIRGUNS
WCB WCB Containers Ltd.,
welland Separates
Woodstock
WALTHAM
Watmoughs (Holdings) Limited
WHITE & CO. (EARLS BARTON) LTD.
YORKERS
YORK
YEOMAN Upholstery
ZARTEC STUDIOS
Wishbone Ash MADE IN ENGLAND
Williams Superslim QUALITY TOOLS
HOUSE OF GAMES Waddingtons
Wrangler
WHARFEDALE Britain's most famous speakers
Walking Wrangler
JOHN WHITE
Zimmerman Bros.
WEST RIDING CLEANING
WALKER+CLARK LIMITED
WESTCLOX
Warmalux

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UK COMPANY NEWS

LCP tumbles to £3.61m but same final

TAXABLE profits of LCP Holdings, the industrial holding company with interests in property, construction, vehicle distribution and metals, fell in the year to end March 1981 from £6.51m to £3.61m. Turnover slipped back from £216.72m to £206.39m.

However, the directors are *maintaining* the final dividend at 2.5p, to make a net total of 4.3p (same). Earnings per 25p share are stated as 5.8p, compared to 8.6p.

At half time pre-tax profits were down from £3.17m to £2.05m, with falls in all divisions except property and overseas interests. This pattern was maintained to the end of the year.

Tax took £603,000 compared with £2.26m leaving a net balance of £3.01m against £4.25m.

Trading profit was down from £8.99m to £6.81m, out of which interest took £3.66m (£2.55m).

Associates contributed £489,000 (£264,000) but there were losses on discontinued activities of £33,000 (£195,000). Of the trading profit, investment property, which consists of five trading estates in the Midlands, increased its share from 23 per cent to 38 per cent (£2.15m to £2.77m).

Attributable profit was £2.76m compared to £2.83m after extraordinary debits of £159,000 (£1.34m) and minorities. Extraordinary items were mostly costs of rationalisation in the metals division.

Investment properties were professionally valued at March 31 at open market value on the basis of existing use at £47.65m, a surplus over book value of £7.23m. This is incorporated in the balance sheet.

The premium on the acquisition of the group's 40.5 per cent interest in the Whitlock Corporation, amounting to £2.55m, has been deducted from reserves. This stake in the U.S. chain of autoparts stores, plus the French DIY company, contributed a trading profit of £1.3m, up from £1.05m, 18 per cent of the group total compared with 12 per cent last year.

Since the year-end LCP has increased its stake in Whitlock to 49 per cent and intends to raise it to 67 per cent next April.

UK interests suffered the impact of the recession, with trading profit of the vehicle distribution division down from £2.71m to £1.66m and other distribution divisions also reporting falls. The major setback was metals (motor components and special steels) which traded at a loss of £138,000 compared with a profit of £1.25m.

David Rhead, chairman, said that the Whitlock Corporation's sales and profits in the current year are significantly ahead and the French operations continue to perform well. "However, it is not yet possible to forecast an improvement in demand for many of our UK-based operations."

Retained profit was £599,000 (£714,000), and net assets per share are given as 101p (91p). Shareholders *funds* at year end total led £50,67m (45.37m) and medium-term loans were £18.81m (£14.9m).

● comment

Property, and to a lesser extent, overseas interest were LCP's bright spots last year but it is the latter, rather than the investment portfolio, which embodies the group's best hope of pulling profits back on course. The stake in the U.S. autoparts business goes up to two-thirds next April —with options on full control— and the Whitlock chain is set for significant geographic expansion in the West and South West over the next three or four years. Given the very good return on capital and high margins that Whitlock already enjoys, the only slight reservation here may be that management can keep pace with the projected expansion of the business. The industrial estate is, *not unnaturally*, encountering softer demand and voids now account for about a tenth of the overall net portfolio. In any event, neither 1981-1982 or its successor are expected to see strong reversionary growth. For the rest of the UK operations, the fuel distribution, motors and construction divisions have done well to limit their aggregate shortfall as they have but the metals division remains a problem which probably requires decisive action. At 72p, up 1p yesterday, the shares still rate a strong hold at a 31 per cent discount to revalued assets and offering a yield of 8.8 per cent. Against that, the multiple on fully taxed historic earnings of 3.3p per share is already looking for a fair measure of recovery.


David Rhead: "no improvement in demand yet."

T. Locker falls £0.7m but holds dividend

Redundancy costs and a turnround to losses in its associate company have reduced profits of Thomas Locker (Holdings), screening and filtration engineer. The pre-tax surplus fell from £1.78m to £1.1m in the year to March 31 1981, after the associate's loss of £131,000 against a profit of £347,000 and exceptional charges this time of £134,000.

At mid-year profits were ahead at £592,000 (£462,000) but the directors said demand had fallen.

Earnings per 5p share are shown down from 2.69p to 1.84p, but the net dividend is maintained at 1.0625p with a same-again final of 0.8125p.

Tax took £480,000 (£736,000) and minorities' losses resulted in a credit of £112,000 (£35,000).

Extraordinary debits of £167,000 (nil) relate to disposals and restructuring, including the cost of redundancies other than those covered by the exceptional item. The group's share of the reorganisation costs of its associate company comprised £80,000 of the extraordinary debit.

The retained surplus for the year emerged at £142,000, down from £652,000. CCA adjustments reduce the pre-tax profit to £541,000 (£915,000).

RIGHTS ISSUE ACCEPTANCES

Acceptances have been received in respect of 66 per cent of the £2m in 9 per cent convertible loan stock offered by Crouch Group by way of a rights issue. The balance will be taken up by the underwriters. The issue was underwritten by Charterhouse Japhet and brokers to the issue were McAnally Montgomery.

Capper Neill declines 25% to £3.8m

HIGH INTEREST rates and an increased average borrowing level, together with substantial redundancy costs, resulted in a 25 per cent fall in pre-tax profits of Capper Neill from £5.08m to £3.81m for the year ended March 31 1981. At halfway, the taxable figure had dropped from £2.06m to £1.77m.

Sales for *the year of this* process plant group exceeded £100m for the first time, with an 8 per cent rise to £105.43m. Included in this were marginally lower exports of £32.09m (£32.4m).

Although there is some evidence that the recession may now be bottoming out, the nature of the group's activity is such that any real improvement in demand will take some time before it is reflected in profits, the directors state.

After a long course of drastic action, they say the group is in a lean and healthy state and is ready to react to an upturn in the economy.

The final dividend is a same-again 2.1p net for an unchanged total of 4.2p per 10p share. Stated earnings per share dropped from 14 47p to 11.02p.

Full-year trading profits showed a modest 3 per cent *improvement to £6.65m.* However, interest charges almost doubled from £1.16m to £2.02m *while redundancy costs took* £818,000 (£224,000).

As a result of changes in stock relief, an amount of £1.58m has been released from deferred tax provision. After crediting this and £39,000 (£14,000) profit on sale of assets, but after deducting tax of £622,000 (£891,000) and minorities, available profits emerged ahead from £4.19m to £4.8m.

Ordinary dividends again absorb £1.21m leaving the amount retained at £3.59m, compared with £2.98m.

On a current cost basis, taxable profits tumbled from £2.02m to £601,000.

Site construction engineering, both in the UK and overseas, continues to be the major activity of the group and this was again the major contributor to group profits. Work in hand at the year end showed a satisfactory increase over the previous year.

The industrial and manufacturing divisions have been the hardest hit by the continuing cost escalation and their programme of retrenchment included a substantial reduction in employees.

At the year-end, the net borrowing level was higher than last time, but at 32 per cent, the directors says, continued to reflect an acceptable percentage of shareholders' funds.

Expenditure on plant modernisation and new product development continued at the same level as previously.

● comment

Taking out the redundancy charge, which will anyway be very much reduced this year, Capper has done well to contain the pre-tax shortfall to 13 per cent for which it can blame higher debt financing costs. Gearing is now standing at about a third, against only a fifth in the previous balance sheet, so the financial position remains reasonably secure and is *probably set to become stronger* by the end of the year. But the chief point that Capper is currently making is that the industrial and manufacturing divisions, which make up some £30m of total turnover, are only marginally profitable at present but would respond quickly to any upturn in demand. For the main businesses, the impact of industrial recovery will take time to come through and perhaps the best that should be forecast this year is an unchanged level of trading profits and some drop in interest charges. The dividend is uncovered on a CCA basis but the yield of 8.4 per cent at 70p still looks secure enough.

Country & New Town advances

Taxable profits of Country and New Town Properties made a small advance from £2.2m to £2.27m in the year ended January 31 1981.

In line with its forecast at the time of *its* rights issue *in* March the final dividend is raised to 0.6p (0.55p) per 10p share, making a total 0.85p (0.75p). The directors intend to maintain this increased dividend for 1981/82.

Tax took £753,000 (£586,000), and after an extraordinary credit of £23,000 (£60,000 debit), minority interests of £540,000 (£658,000) and a transfer to non-distributable reserves of £69,000 (nil) the amount attributable emerged at £926,000 (£894,000).

S and U Stores slides in second half: no payout

A SLIDE in second half profits left S and U Stores with a figure of £569,000 for the year ended January 31, 1981, compared with £863,000. Turnover rose from £25.5m to £26.19m.

Mr Derek Coombs, chairman of this Birmingham based group engaged primarily in consumer *credits, says that in view of the* reduced second half profits and the economic climate generally no dividend is recommended—although preference dividends will be paid normally. No payout has been made on ordinary shares since 1976.

Interest took £502,000 (£561,000), the recovery on credit sales and hire purchase debtors was reduced to £74,000 (£303,000) and losses on property sales amounted to £61,000 (£354,000). There is no tax charge.

After preference dividends of £8,000 (same) the balance taken to reserves came out at £574,000 (£804,000). Earnings are stated at 4.59p (6.89p) per 12½p share.

36% fall in first half from ICI Australia

ICI ...Australia's earnings plunged 36 per cent from A$29.5m to A$19m in the six months to March 31 1980 as a result of higher costs and the effects of the prolonged drought which has struck most of eastern rural Australia.

The result follows a fall in the previous half year of 27.6 per cent to $32.3m, which lowered full year by 7 per cent.

Despite a growth in volume, the value of sales for the first half of the current year was reduced by 5 per cent to $611.7m.

Trading profit fell by 8.2 per cent to $50.6m and the directors report that, despite tight control of all operations, there were appreciable cost increases which could not be fully recovered by price increases. There was also a $3m higher depreciation charge of $25.5m.

Interest rose from $11.1m to $15.5m and tax increased from $17.5m to $20.7m.

The directors have maintained the interim dividend at 6 cents per share and appear more optimistic about the current half.

They confirm that trading at the start of the second half remained patchy but point to indications of some strengthening in world petrochemical and plastics prices which are expected to permit some recovery in the second half.

Carr's slips £80,000—payout held

IN THE half year ended February 28 1981, taxable profits of Carr's Milling Industries slipped by £80,000 to £480,000 on sales up from £17.64m to £19m.

The directors of this group engaged in flour milling, manufacturing animal feedstuffs, baking and engineering have maintained the net interim dividend at 1.25p per 25p share. Last year a total of 4p (3.5p) was paid on pre-tax profits of £892,284 (£806,381).

They say a good contribution to group profits was made by the animal feedstuffs and bakery business, but the continuing depressed state of the agricultural machinery market together with pressure on flour margins towards the end of the period adversely affected the results.

This trend they say, continued into the first two *months of the* current half.

Tax took £27,000 (same), and the attributable profit came out at £453,000 (£533,000).

CADBURY SCHWEPPES

Acceptances have been received in respect of 87.5 per cent of the 73.9m shares of Cadbury Schweppes offered last month in a one-for-five rights issue at 77p to raise £55.1m net.

WESTERN SELECTION

The recent rights offer of 2.47m shares by Western Selection and Development at 30p per share has been accepted as to 92.14 per cent. Excess applications for 517,190 shares have been received for the 194,886 shares not taken up by shareholders.

Applications for up to 1,000 shares will be allotted in full, applications for 1,001 to 2,500 shares will be allotted 1,000 shares, applications for 2,501 to 10,000 shares will be allotted 1,330 shares and applications for over 10,000 shares will be allotted 2,000 shares.

Poor second half leaves Brownlee 10% lower

THE CAUTION expressed by Mr J. F. McLelland, the chairman of Brownlee and Co., in his interim statement following an encouraging first 26 weeks has proved well founded.

Taxable profits of this Glasgow-based timber merchant fell back sharply in the second six months from £1.17m to £571,000 leaving the pre-tax figure for the year to March 29 1981 10 per cent lower at £1.41m, compared with £1.57m.

The chairman blames the setback on disappointing results by the group's associate companies which incurred a loss of £47,000 against a profit of £137,000 a year earlier. Alliance Smurfit Cases (Scotland) was badly affected by the continuing recession in the *whisky industry. However, the* number employed has been reduced and this and other economies should help when trading improves.

For the current year trading of the group continues to be slow in returning to adequate levels although there is some evidence, particularly in the West of Scotland, that the recession is less pronounced. Recent surveys show a very slightly but distinct improvement, the chairman says.

Trading profits for the year showed a small rise at £1.46m (£1.44m) although sales were down by 4 per cent to £23.6m (£24.71m).

The taxable surplus was struck after associate losses and interest charges of £77,000 (£218,000) but was subject to tax of £247,000 (£354,000).

Stated earnings per 25p share fell back from 11.4p to 10.9p. On a CCA basis earnings emerge at 5.3p (1.7p).

The total dividend is being effectively increased from 3.33p to 3.7p net by a final of 3p (2.666p adjusted).

Commenting on the results the chairman says that in the second half of the year the full impact on the group's principal markets of government monetary policies, *together with severe restrictions* on funds available for construction projects—particularly for housebuilding—became apparent and orders, especially those offering satisfactory profit, became progressively more difficult to secure.

He adds that the results would have been more severely affected but for the group policy of catering for the requirements of local authority modernisation schemes and those involved in the home improvement market.

The group is continuing to look at projects which provide opportunity for further growth.

J. T. Parrish back in profit

The Newcastle-based department store J. T. Parrish pulled back from last year's pre-tax loss of £16,235 to make a profit of £317,351 for the year ended January 31, 1981.

The company proposes to pay a net dividend of 4p, making a total of 4p. None was paid last year. Earnings per 25p share are stated as 44.07p compared to a loss per share of 2.25p.

The surplus has resulted almost solely from trading in the second half, as the interim statement showed a pre-tax profit of just £1,000.

Ward Brothers drops to £1.1m

ALTHOUGH TURNOVER of Ward Brothers Holdings increased from £25.4m to £27.64m, 1980 taxable profits of *this unquoted manufacturer of* steel framed buildings and building components fell from £1.57m to £1.1m. The after-tax figure declined from £199m to £1.02m.

Mr. F. Ward, the chairman, says that orders were very difficult to obtain and despite a reduction in the inflation rate, high interest rates and overcapacity in the industry made the achievement of reasonable profit margins very difficult.

The level of sterling exchange resulted in a reduction in the company's exports from £6.13m to £4.37m, and the group suffered as a result of the long steel strike in the early part of the year.

A significant capital expenditure programme was continued during 1980 and as new products are developed and new production methods are introduced, the chairman says a high level of expenditure will be necessary in the future.

However, there has been some rationalisation of production and substantial cost saving exercises.

Among steps taken to improve the group's capability long term was a re-organisation of senior management.

In January this year, the workforce was reduced.

MINING NEWS

No Deelkraal final but other Consgold mines pay well

BY KENNETH MARSTON, MINING EDITOR

SOME excellent half-year dividends — with one exception — come from the South African gold producers in the Consolidated Gold Fields (Consgold) group. The disappointment is the decision by the young Deelkraal mine not to pay an interim dividend for this year after having declared a maiden 5 cents (3p) in December.

Apart from the adverse effects of the lower gold price in the first quarter, Deelkraal's earnings this year have been hit by rising costs and, more importantly, an inability to achieve the 120,000 tonnes' *per month ore milling* target because of an excessive amount of large rocks.

The ore problem is to be solved by the installation of a permanent jaw crusher. This should do the trick in the second half of this year and, gold price permitting, the mine will probably return to hte dividend list in December.

Turning to the good news, sharemarket expectations have been well surpassed by Doornfontein's final of 200 cents (118p) which makes a total for the year to June 30 of 335 cents compared with only 120 cents for 1979-80.

Libanon has also easily beaten all estimates with a final of 200 cents to make 330 cents against 200 cents. Others to have surpassed expectations are Kloof with a final of 240 cents to make 400 cents against 320 cents and Venterspost with a final of 135 cents to make 235 cents against 200 cents.

West Driefontein's final of 725 cents to make a total of 1,225 cents against 1,150 cents is up to the best expectations while East Driefontein's increased interim of 135 cents is about in line with market hopes; for the previous year an interim of 120 cents was followed by a final *of 220 cents.*

The latest dividends were announced during market hours yesterday and gave a fillip to the respective share prices during initially firm conditions generally. But the subsequent fall in the gold price caused the gains to evaporate.

West Driefontein, for instance, touched a year's high of £41 before closing only ½ better on the day at £39⅞. Libanon were finally unchanged on balance at 939p after 950p, Doornfontein were 9p down at 991p after moving over £10 and Venterspost closed 20p down at 512p after 541p.

The passing of the *Deelkraal* payment was not entirely unexpected and the shares closed with a net gain of 7p at 176p after 180p.

MMC group lifts tin production

OUTPUT OF tin concentrates by the producers in the Malaysia Mining Corporation group rose slightly last month to 1,171 tonnes *from April's 1,153 tonnes.*

The bulk of the rise was attributable to Berjuntai, the second largest producer, where output was 308 tonnes against 285 tonnes.

Malayan Tin Dredging, the largest company in the group, produced 592 tonnes compared with 636 tonnes last time.

The latest output figures are compared in the accompanying table.

	May tonnes	April tonnes	March tonnes
Aokam	121	98	100
Ayer Hitam	123	86	107
Berjuntai	308	285	253
Malayan	592	636	662
Sungei Besi	77	73	96
Tongkah Harb.	17	21	52
Tronoh Mines	47	48	53

BH South hopes to start phosphate mining soon

AUSTRALIA'S BH South, a subsidiary of Western Mining, hopes to start extracting phosphate rock from its big deposits at Phosphate Hill in Queensland by the end of this year, according to Sir Arvi Parbo, chairman of both companies.

He said that BH South is trying to finalise contracts for the sale of about 100,000 tonnes of rock each for overseas and domestic customers. As soon as these are concluded and final arrangements have been made with the Queensland Government, extraction will begin.

Sir Arvi said initial work would be done on about 5m tonnes of high-grade rock, and it will be two or three years before beneficiation facilities are available for the lower-grade material which makes up the bulk of the deposit.

BH South awarded the contract *for stripping some* 800,000 tonnes of overburden to Thiess Holdings in January this year. When the mine is in full production, it is expected to yield ore worth about A$10m (£5.8m) a year.

Hecla Mining goes ahead with Day bid

THE IDAHO silver producer Hecla Mining is to go ahead with its plan to acquire Day Mines, another *silver* miner, in the face of determined opposition from that company's board.

If Hecla is successful in its bid, it could displace Sunshine Mining as the largest silver producer in the U.S.

After failing to negotiate a *merger with Day's directors,* Hecla said yesterday that it was starting a share exchange offer to Day holders. The offer, of 1.65 Hecla shares for each Day share, values the whole of the target company at about $118m (£61m).

Hecla already owns 7.51 per cent of Day, which it acquired in March.

Northgate and Getty in Irish exploration

CANADA'S Northgate Exploration has entered a joint venture agreement with America's Getty Oil to search for precious and base metals in the Republic of Ireland. Irish Base Metals, a wholly-owned subsidiary of Northgate, will be the operator of the joint venture.

The agreement covers the carboniferous limestone areas and areas underlain by pre-carboniferous rocks throughout Connaught, Munster, Leinster and Ulster. The terms of the joint venture require Getty Oil to spend approximately U.S.$6m (£3.1m) by the end of 1985 to earn its interest in the project.

TODAY'S COMPANY MEETINGS

BPC, Connaught Rooms, Great Queen Street, WC, 12.00.
Berwick Timpo, Bretton Way, Bretton, Peterborough, 12.00.
Clarke (Clement), Institute of Directors, 116, Pall Mall, SW, 12.00.
Continental Union Tst., Mermaid House, 2, Puddle Dock, EC, 12.45.
Dreamland Elec. Appliances, Great Eastern Hotel, Liverpool Street, EC, 12.00.
Farnell Elecs., Queen's Hotel, Leeds, 1.00.
Gerald and Natl. Discount, 32, Lombard Street, EC, 12.00.
Harris and Sheldon, North Court, Packington Park, Nr. Meriden, Warwickshire, 3.00.
Huntleigh Grp., Howard Hotel, Temple Place, Strand, WC, 12.00.
Jessel Toynbee, 30, Cornhill, EC, 3.00.
UK Ind Invs, Sherlock Holmes Hotel, Baker Street, W, 12.00
Pearl Assurance, High Holborn, WC, 12.00.
Perry (Herold) Motors, Royal Automobile Club, 89, Pall Mall, SW, 12.00.
Rowntree Mackintosh, Joseph Rowntree Theatre, Haxby Road, York, 3.00.
Tozer Kemsley and Milbourn, 28, Great Tower Street, EC, 11.45.
Utd. Carriers, Overstone Solarium, Ecton Lane, Sywell, Northamptonshire, 12.00.
Wace Grp., Abercorn Rooms, Great Eastern Hotel, Liverpool Street, EC, 12.00.
Wills (George), Epworth House, 25-35, City Road, EC, 12.00.

BIDS AND DEALS

Controlling family sells 20% of Comet Radiovision

BY REG VAUGHAN

Mr Michael Hollingbery and certain members of his family placed nearly 20 per cent of the shares of Comet Radiovision Services on the London Stock Exchange yesterday, realising almost £10m of their substantial investment in the group.

The Hollingbery family, which founded the company in 1933, has disposed of 8m shares at 124p each, reducing its shareholding from 55.1 per cent to 35.3 per cent. The price represents a discount of almost 7 per cent on last night's closing price of 133p (down 6p).

Kleinwort Benson placed the shares yesterday morning mainly with 70 institutional investors. The rest of the shares went to private clients of James Capel, brokers to the placing, or were disposed of through the market.

The company said that the family and advisers thought it prudent to diversify part of their investment in Comet into a more broadly based portfolio in view of the substantial increase in the value of the shares. But it pointed out that this will not alter the commitment of Mr Michael Hollingbery, Comet's chairman and chief executive, to the company.

After the Comet offer for sale in June 1972 the vendors' aggregate holdings in the company were worth £8.5m at the offer price. This compares with a value of £31.2m on the holdings immediately before the placing.

This disposal represents the first significant divestment of shares in Comet by the Hollingbery family since the company was floated. The vendors and certain family interests have given undertakings to Kleinwort Benson that they will not dispose of any further shares in the company for at least two years.

Mr Hollingbery said yesterday that a decision was taken some time ago to reduce the holding in the company as he felt that the value was excessive in comparison with wealth outside the company.

However, he said that "effective control" of the company would be retained despite the reduced holding, "so we have lost nothing."

Mr Hollingbery, whose beneficial interests have been reduced by 6.8m shares to 12.94m, said that no decision had been taken on reinvestment of the proceeds. They would be put into a fairly broad spread of solid investments but advisers and trustees would be consulted before any investment was made.

Mr Hollingbery said there was no question of the Hollingbery family pulling out of Comet. He said it was not intended to part with any more shares in the company.

Comet was formed in 1933 under the name of Comet Battery Service (Hull) by Mr Michael's Hollingbery's father, Mr G. H. Hollingbery, and Mr W. O. Honor, to rent out charged acumulators for radio receivers. On its formation one half of the £100 share capital was subscribed for by Mr Hollingbery and the other half by Mr Honor who maintained his until selling it in 1953 to the Hollingbery family.

Comet has always been closely associated with the radio and electrical industry. In 1968 it took advantage of the abolition of resale price maintenance and initiated a major new development with the sale of goods on a discount basis. This part of the business quickly grew and when it went public in 1972 accounted for the major part of turnover and profits.

The group now retails a variety of domestic electrical and gas appliances, home improvement products and other consumer goods, mainly from discount warehouses and conventional shops. In 1980 profits fell from £9.2m to £6.44m, on a turnover of £208.82m (£168.32m), with the retailing side contributing £4.05m (£8.58m) and £192.05m (£163.82m) respectively. Profits from the manufacture of home improvement products and jewellery improved sharply from £620,000 to £2.39m.

Mr Michael Hollingbery came into the business in 1951 and was effectively chief executive of the company from the time of his father's death in 1958. He was confirmed in this position in 1972.

Vectis moves into leisure and tourism

Vectis Stone, the Isle of Wight-based building products and services fuel distribution and toiletries group, is moving into the leisure and tourist business with an agreed offer for Blackgang Hotels, an Isle of Wight private company operating a hotel cafeterias and a public house.

In a deal, which values Blackgang at £767,040, Vectis is offering 20 new shares and 20p cash for each of Blackgang's 1,128 shares. With Vectis at 33p yesterday this values each Blackgang share at £6.80. There is also a cash alternative of £6.

All the Blackgang directors intend to accept the offer in respect of 7.7 per cent of the shares and Whitbread Wessex, with a holding of 42.8 per cent of the capital, has also undertaken to accept the offer.

Vectis says that in pursuance of its established diversification policy the board had been considering for some a direct investment in local tourism and the desire of Whitbread Wessex to dispose of its interest in Blackgang presented an opportunity to initiate this policy.

Last year the group acquired Columbia Products, the UK toiletries arm of the U.S. Solid Investments group. Columbia sells its products under the Aronde and Holly Hobbies names.

Blackgang is forecasting profits before tax of £134,000 for the year to October 31 1981, compared with £82,100 in 1979-80.

Vectis also announced its group results for the half-year ended March 31 1981 yesterday, showing profits, before tax, lower at £307,000 compared with £323,000. The directors state that there are no clear signs of any improvement in trading conditions generally and, as previously indicated, the full year's profits are likely to be less than last year's £815,000.

The interim dividend is unchanged at 0.6p and the directors are forecasting a final dividend at the same rate as the previous year on the enlarged capital. In 1979-80 the total was 1.8p.

Decca television sale completed

BY JASON CRISP

Racal has finally sold the Decca television factories at Bridgnorth in Shropshire to the Taiwanese company Tatung. Last week the two companies failed to complete the contract, which had been originally negotiated in February.

Racal blamed Tatung for trying to renegotiate at the last minute and announced that the factory would be closed with the loss of 600 jobs.

But the sale was made yesterday Tatung paying £1.24m for the Decca television business including the fixed assets. Racal retains all the net current assets, including stocks of unsold televisions. A spokesman said the company expected to sell all the sets which would generate a net cash flow of £15m, mainly in the present financial year.

Tatung has taken on 540 of the workforce and television manufacture began yesterday. Tatung has told employees they will be employed for at least 12 months. Racal itself is keeping on 62 employees to service the television sets and sell the remaining stock.

The sale price is slightly higher than the £1.1m agreed in February and reflects the higher level of stocks being purchased by Tatung, says Racal. Otherwise there is no material difference in the agreement which had been reached in February it said.

Last Tuesday negotiations between Racal and the head of Tatung UK, Mr. W. T. Lin, collapsed. The following day Mr Lin's father, the chairman of Tatung, telephoned from Taiwan and arranged to meet Mr Ernest Harrison, chairman of Racal, on Friday. Negotiations were resumed at the meeting and continued over the weekend.

Yesterday, Mr W. T. Lin blamed the breakdown of negotiations on misunderstandings and communication problems which were cleared up when discussions were resumed.

Tatung plans to manufacture 100,000 set in the first year from 14 inch up to 26 inch. Decca lost around £1m a year in television manufacture but employed over 1,000. Design will be based on a joint effort between engineers in Taipei and Bridgnorth.

Racal, which took over Decca last year for £101m, says it cost £7m to keep the factory open while a buyer was found.

Downing profits 'rebuff' Hanson

THE BOARD of G. H. Downing is rebuffing the 200p a share cash offer from Hanson Trust with news of record profits of £2.28m, a 20 per cent dividend increase to 10¼p and a property revaluation throwing up a £2.2m surplus and lifting the net asset value to 259p a share.

Despite warnings at the half way stage—when profits of £1.06m against £750,000 were reported—that the second half would be "bleak," Downing has produced a 6.5 per cent gain in the closing six months to leave the year ahead by £384,000 at £2.28m.

Trading profits from the building products division jumped from £1.4m to £2.18m. There was a £40,000 loss from refractories against a £312,000 profit and electrical was down from £104,000 to £57,000.

Mr. Douglas Hartley, chairman, said if Downing had charged depreciation at the same rate as Hanson's building materials division its profits pre-tax would have been £250,000 higher.

"Our results for last year were achieved despite the severe recession in the building industry and our fears that this might have on our profitability."

Mr. Hartley adds: "It would not be of any benefit to Downing to be absorbed by a conglomerate such as Hanson. Hanson may on the other hand well see the acquisition of Downing, with its modern plant and equipment, as an exceedingly cheap alternative to the comprehensive programme of reinvestment which would be needed to keep its own building materials company up-to-date."

In the rejection document Mr Hartley says that Mr Kenneth Downing (who committed his shares to Hanson) lives in Monte Carlo and has not been involved in the management of Downing since he emigrated 25 years ago. "Though he took a leading role in the deal with Hanson, he acted without even knowing the profits for Downing for the year which had already ended."

In the market yesterday Downing's shares moved 6p higher to 218p—18p above the Hanson offer valuing the company at £12m.

Hanson has already received irrevocable acceptances representing 24 per cent of the capital—mainly from members of the Downing and Skailes families.

Glaxo Australia in £3.7m deal

Glaxo Australia, a wholly-owned subsidiary of Glaxo Holdings, the pharmaceuticals manufacturer, has acquired Pub Squash Company, an Australian soft drink manufacturer, for $6.4m (£3.7m).

Pub Squash was placed in receivership about 18 months ago, and Glaxo had approached the receivers with intention to purchase the company twice before during this period. Now, however, the Australian government has approved the deal under the Foreign Takeovers Act.

Glaxo Australia plans an immediate $2m cash injection to improve the operating efficiency and distribution network of the company. The purchase of Pub Squash, the company said, was part of a policy to diversify into areas other than pharmaceuticals, which was initiated last year with the purchase of the Deep Spring mineral water company.

The UK parent, however, has no intention of moving out of its current operating area, the company said.

H. & J. QUICK

Lincoln Street Motors (Birmingham) has purchased a further 12,500 ordinary shares in H. and J. Quick, the motor dealer, and now owns 420,000 shares (7.89 per cent).

Bell Group discloses 5% Rugby stake

THE BELL GROUP of Western Australia, controlled by financier Mr Robert Holmes a'Court, has disclosed a holding of 5.02 per cent in the shares in Rugby Portland Cement.

Last month another of Mr Holmes a'Court's Australian interests disclosed a holding of just over 5 per cent in the non-voting shares of Associated Communications Corporation, and last year the Bell Group made a partial offer for Rolls-Royce Motors prior to its merger with Vickers.

Mr Maurice Jenkins, Rugby's managing director, said yesterday that Mr Holmes a'Court had been an investor in Rugby for quite a long time. "We know each other very well," Mr Jenkins added, and he was regarded as a long term investor in Rugby.

In his conversations with Rugby, Mr Holmes a'Court had made no secret of the fact that he regarded the future of Cockburn Portland Cement in Western Australia as very attractive.

Rugby owns 85 per cent of Cockburn, and the remaining 15 per cent is largely in institutional hands.

Apart from its cement output, Cockburn is the only manufacturer of lime in Western Australia. Lime is an important process material in the processing of alumina.

Cockburn's profits fell back sharply in 1980 to A$2.36m, partly as a result of higher depreciation and interest costs. A recovery is expected in 1981, and Rugby is hopeful that a big upsurge in the Western Australian economy will show through in Cockburn's earnings in 1982 and beyond.

Hanson Trust sells cement and concrete interests

Hanson Trust, the industrial services and agricultural products group, is to sell Gulf Coast Portland Cement and Houston Shell and Concrete, its cement and ready-mix concrete interests, to Marmac Corporation of the U.S. for £25m in cash.

The two companies being sold were part of the assets acquired when Hanson purchased McDonough Company of the U.S. in January this year for a total consideration of £74m. The assets of the concrete and cement companies were valued at £13m, the company said yesterday. Bernard McDonough, former owner of McDonough Company, also owns Marmac.

Hanson said yesterday that the sale of the two companies leaves it with the basic McDonough activities in footwear and hand-tool manufacture, and added that the cement and concrete manufacturers were the smallest profit contributors in the group. In the 12 months ended January 1981, it said, the division produced pre-tax profits of £1.05m on sales of £36.5m.

The company said it had no immediate plans for the £25m to be raised by the sale to be reinvested in industry.

Hanson is currently involved in a bid valued at £12m for G. H. Downing, the British bricks and building materials manufacturer.

ALLOY FASTENINGS

A number of substantial companies are negotiating the acquisition of Alloy Fastenings (Screws and Bolts) with Mr. Martin Spencer, of accountants Casson Beckman, who has recently been appointed receiver and manager.

Mr. Spencer says he is continuing to run the company and safeguard jobs. He hopes to make an announcement about the sale of the company shortly.

Savoy urges rejection of final THF bid

In his latest letter urging shareholders to reject the bid from Trusthouse Forte, Sir Hugh Wontner, chairman of Savoy Hotel, says the "derisory" level of acceptances received by THF so far confirms that the offers are wholly inadequate.

Sir Hugh adds that the offer, due to close on June 19, was misconceived from the start.

S. G. Warburg and Company, on behalf of Trusthouse, bought a further 118,000 "A" ordinary shares in Savoy on June 9 at 190p—the cash bid price.

RTZ/TUNNEL

THE Rio Tinto-Zinc Corporation confirmed yesterday that it had acquired more shares in cement and chemicals group, Tunnel Holdings, on Monday and held a total of 8.7 per cent of Tunnel's voting capital at the close of business that day. It is understood, however, that RTZ was not active in the market yesterday although the price of Tunnel "B" shares climbed 2p to 442p. RTZ's action effectively frustrated the bid for Tunnel by Thos. W. Ward, which lapsed on Monday leaving Ward with 41.87 per cent of Tunnel's voting equity.

GRAND UNION

GU International a member of the Grand Union Group has acquired full control of Robt. Bradford Hobbs Savill (HK), of Hong Kong. Prior to the acquisition, GU was minority shareholder.

Mr Don Baxter, managing director of GUI, states that the acquisition is in keeping with the group's development programme to provide a wide range of professional insurance and reinsurance services throughout the region and internationally.

The company will be represented and have access to the Lloyd's and London markets through the Grand Union Group's London brokers, GWB (Insurance Brokers). Business previously transacted through Robt. Bradford Hobbs Savill, London, will be handled wholly by GWB.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 13¾ per cent, up three quarters of a percentage point from last week. The bonds are issued at par and are redeemable on June 16, 1982.

A full list of issues will be published in tomorrow's edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$450	3	39	—	—	3	71	$465
GOLD C	$475	34	25	6	47	—	—	"
GOLD C	$500	76	18	1	31 B	8	48 B	"
GOLD C	$525	5	10	12	20	—	—	"
GOLD C	$550	27	6	7	15 B	—	—	"
GOLD P	$450	—	—	5	15	—	—	"
GOLD P	$475	12	19 B	6	25	—	—	"
GOLD P	$500	1	36	—	—	—	—	"
		July		Oct.		Jan.		
AKZO C	F.15	—	—	20	9.70	—	—	F.24.60
AKZO C	F.20	109	4.50	—	—	—	—	"
AKZO C	F.22.50	30	2.60 B	—	—	12	5.40	"
AKZO C	F.25	40	0.90	154	2.60	55	3.40	"
AKZO P	F.20	—	—	10	0.40	—	—	"
AKZO P	F.25	—	—	—	—	7	1.90	"
HEIN C	F.55	—	—	10	3	—	—	F.52.50
HOOG C	F.20	—	—	20	1	10	1.90 A	F.17.30
IBM P	$60	—	—	10	3 1/16	—	—	$58⅛
KLM C	F.80	10	58	—	—	—	—	F.138.20
KLM C	F.90	50	48	—	—	—	—	"
KLM C	F.100	35	38	—	—	—	—	"
KLM C	F.120	15	22B	—	—	—	—	"
KLM C	F.130	36	17.50B	—	—	—	—	"
KLM C	F.140	176	9	7	15	—	—	"
KLM C	F.150	39	4.30	32	10	—	—	"
KLM P	F.110	34	1.20	—	—	—	—	"
KLM P	F.120	70	2.80	—	—	—	—	"
KLM P	F.130	—	—	12	12.50	—	—	"
KLM P	F.140	74	10	—	—	—	—	"
NATN C	F.110	9	4	—	—	—	—	F.110.40
NATN C	F.120	—	—	10	3.20	—	—	"
NATN C	F.130	—	—	15	1.20	—	—	"
NATN P	F.110	—	—	30	3	10	4.50	"
NATN P	F.125	—	—	10	16	—	—	"
PHIL C	F.17.50	12	7	—	—	—	—	F.24.20
PHIL C	F.20	101	4.30	95	5.30	18	6	"
PHIL C	F.22.50	198	2.20	91	3	61	4.20	"
PHIL C	F.25	149	1	445	1.80	133	2.90	"
PHIL C	F.27	275	0.40	581	1	249	1.80	"
PHIL P	F.20	—	—	60	0.30	—	—	"
PHIL P	F.22.50	—	—	57	0.50	20	1	"
PHIL P	F.25	—	—	56	1.70	25	2	"
PHIL P	F.27	—	—	20	3	—	—	"
RD C	F.80	18	5.50	32	8.40	—	—	F.82.50
RD C	F.90	14	1.50	78	3.80 B	—	—	"
RD C	F.95	42	0.60	—	—	—	—	"
RD C	F.100	66	0.30	20	1.50	28	3.10	"
RD P	F.80	21	2.30	30	4.30	10	5	"
RD P	F.90	45	7.80	59	10	30	10.50 B	"
RD P	F.95	25	12.40	—	—	—	—	"
RD P	F.100	13	17.80	—	—	38	18.50 B	"
UNIL C	F.140	10	6.50	—	—	—	—	F.144.30
UNIL C	F.150	—	—	20	5.60	—	—	"

TOTAL VOLUME IN CONTRACTS 4597

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

June 9 Total Contracts 1184; Calls 988, Puts 196

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	360	15	36	26	10	42	45	354p
BP (c)	390	5	35	14	53	24	29	"
BP (c)	420	3	5	8	—	17	9	"
BP (p)	360	14	109	25	2	32	1	354p
BP (p)	390	40	12	44	—	48	—	"
BP (p)	420	66	8	68	—	70	—	"
Com. U'n (c)	160	17	28	22	—	30	—	172p
Com. U'n (c)	180	6	5	13	16	17	—	"
Cons. Gld (c)	500	15	3	30	27	45	—	481p
Cons. Gld (c)	550	4	3	14	4	28	—	"
Cons. Gld (c)	588	2	4	—	—	—	—	"
Court'lds (c)	60	8½	2	12½	—	14½	10	65p
Court'lds (c)	70	3	—	7	15	10½	—	"
Court'lds (c)	80	1	—	3	10	5½	—	"
GEC (c)	600	90	1	115	—	—	—	683p
GEC (c)	700	16	—	45	—	68	1	"
Gr'd Met. (c)	180	29	—	52	12	40	—	204p
Gr'd Met. (c)	220	3	—	11	—	18	1	"
ICI (c)	240	44	25	48	—	—	—	275p
ICI (c)	260	24	9	34	2	—	—	"
ICI (c)	280	11	—	19	—	30	10	"
ICI (c)	300	5	8	12	14	21	2	"
ICI (c)	330	1½	—	6	22	11	11	"
Land Sec. (c)	390	10	—	26	1	33	—	380p
Mks & Sp (c)	130	3½	11	10½	73	16	—	124p
Shell (c)	330	32	45	40	—	—	—	348p
Shell (c)	390	7	65	13	—	30	1	"
Shell (c)	420	4	2	8	30	13	—	"
		August		November		February		
Barclays (c)	360	60	2	65	—	—	—	411p
Barclays (c)	390	35	1	32	—	56	—	"
Barclays (c)	420	20	2	25	3	38	—	"
Imperial (c)	80	2	10	3½	—	8½	—	71p
Lasmo (c)	600	17	20	35	—	55	—	619p
Lasmo (c)	700	5	—	12	1	—	—	"
Lonrho (c)	80	8½	127	13	3	17	13	94p
Lonrho (c)	100	4½	30	7	—	10½	—	"
Lonrho (c)	110	3	1	5	—	—	—	"
Lonrho (p)	90	3½	—	6	—	8	1	"
P & O (c)	160	2½	27	5	—	—	—	135p
Racal (c)	360	20	6	38	—	51	—	366p
Racal (c)	390	10	3	23	—	35	—	"
Racal (p)	360	17	22	21	16	35	—	"
Racal (p)	390	34	35	36	—	38	—	"
RTZ (c)	500	38	7	57	—	75	—	506p
RTZ (c)	550	20	27	35	1	50	—	"

C=Call P=Put

Close watch by Wall St on Shell's $500m issue

BY DAVID LASCELLES IN NEW YORK

SHELL OIL, the U.S. affiliate of Royal Dutch Shell, borrowed $500m in the U.S. capital markets yesterday, marking the largest corporate debt offering for more than 18 months.

Although market sources hesitated to say that this signalled the long-awaited revival of the U.S. cororate bond market after a year in which it has bene stunned by record interest rates, Wall Street was watching the issue closely. Pent-up demand for long-term money has been overhanging the market for some months and any sustained decline in interest rates is expected to loose an avalanche of new borrowing.

The initial indications were that the Shell offering went quite well.

Morgan Stanley, the underwriters, reported around noon that the $200m in 10-year notes, which constituted the first part of the deal had been all but sold. The $300m in 30-year bonds sold more slowly, but was about 80 per cent accounted for. Not all of the securities were disposed of as sales, however, with several investors swapping older securities for the new issue.

The 10-year notes were priced to yield 13.97 per cent and the bonds to yield 14.25 per cent.

Morgan Stanley said it believed that U.S. interest rates had peaked and that this marked a good moment for corporations to borrow. But it stressed that Shell's decision to go to market was also shaped by its need to finance $3.9bn in exploration costs this year, and pay down its high level of floating rate debt.

Depending on how it is measured, there is currently a backlog of some $3bn to $5bn in corporate debt waiting to come to market, and that figure could easily double if interest rates continue their downward path. A contrary view was taken yesterday by UNC, the largest U.S. uranium producer, which announced that it had decided to postpone a $30m bond issue because of market conditions.

This time last year, during a brief fall in interest rates, corporations were borrowing at a record rate of $2bn a week. The last major industrial borrowing was International Business Machines' $1bn bond issue more than 18 months ago.

Borrowers due to make issues in the near future include Barclays Bank of the UK, which plans to sell $125m of capital note

In the equity market, American Telephone and Telegraph is due to issue 16.5m new shares to raise up to $900m, possibly as early as today.

$65m straight bond for EEC

BY FRANCIS GHILES

A $65M 12-year fixed interest dollar bond for the European Economic Community was announced last night by lead managers Morgan Guaranty and S. G. Warburg. It carries a 14¾ per cent coupon and a price of 99. Total commissions amount to 2 per cent and the borrower has the option of calling the bonds from the end of the sixth year.

Initial reaction suggested the terms were rather tight and, together with rumours of other new straight issues, it pushed down the prices of some seasoned bonds by as much as ½-¾ points. Overall, prices were down by ¼ point.

However, Chemical Bank is expected to launch today a $100m bond for General Motors Acceptance Corporation bearing a 14¾ per cent coupon.

A $75m three-year bond for Pepsico Capital Corporation, a subsidiary of the U.S. Pepsico group, has been launched through Credit Suisse First Boston. It offers a zero interest rate and has been priced at 67¼. This discount of nearly one-third on the par value of the bond when it is due for repayment provides the investor with an annual yield of 14.14 per cent.

A deep discount bond carrying a zero-interest rate was arranged recently in New York for J. C. Penney.

Two floating arte notes have been completed: a $100m seven-year one for Ireland with a minimum coupon of 5¼ per cent through Swiss Bank Corporation International and Long Term Credit Bank of Japan; and a $75m 10-year one for the Mexican state-controlled Telefonos Mexicanos with a minimum coupon of 5¼ per cent through Deutsche Bank.

In Germany the Capital Markets Sub-Committee lifted its moratorium of new D-Mark foreign bond issues for borrowers other than international institutions when it allowed Deutsche Bank to arrange a DM 75m eight-year issue carrying a coupon of 10¾ per cent and a price of 99½ for the state-controlled Norwegian industrial holding group Aardal og Sundal. Prices of seasoned D-Mark foreign bonds weakened by ¼ of a point yesterday.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday June 11.

Closing prices on June 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15⅝ 86 (WW)	55	100⅝	101⅛	+0⅛	+0⅛	14.97
Amoco 13¾ 88	75	95⅝	96⅛	+0⅛	+0⅛	14.20
CIBC 14¼ 84	185	97⅝	98⅛	0	−0⅛	15.41
CNE 12⅝ 91	100	89	89½	−0⅛	0	14.88
Citicorp O/S Fin. 10 86	300	85	85½	−0⅛	+0⅛	14.28
Citicorp O/S Fin. 12 87	200	90¾	91¼	−0⅛	+0⅛	14.20
Con. Illinois O/S 9¾ 86	150	83¼	83¾	0	+0⅛	14.57
Dupont Canada 13½ 91	65	96⅛	96⅝	−0⅛	+0½	14.17
EEC 11 96 (August)	70	76	77½	−2⅛	−2½	15.04
EIB 12⅝ 89	75	89⅝	90⅛	−0⅛	−0½	15.01
Eldorado 13¼ 86	50	94	94½	−0⅛	0	14.97
Elec. de France 13 88	125	92¼	92¾	0	+0⅛	14.80
Export Dv. Cpn. 9½ 86	150	82¼	82¾	−0⅛	+0⅛	14.98
Fed. Bs. D. 12¾ 85 (N)	50	92⅜	92⅞	0	+0⅛	14.56
Fed. Bus. D. 16¾ 84 (J)	40	100½	101¼	+0⅞	+0⅞	15.36
Fin. Exp. Credit 10½ 85	50	84½	84⅞	0	0	16.01
Finland, Rep. of 9½ 86	100	80	80½	0	−0⅛	15.64
Ford Credit O/S 14⅝ 83	150	97⅞	98¼	−0⅛	+0⅛	15.52
Ford Cr. O/S Fin. 16 84	150	102⅝	103⅛	0	+0⅛	14.52
Gaz de France 13½ 86	80	96	96½	0	+0⅛	14.81
GMAC O/S Fin. 12 87	100	88⅝	89⅛	−0⅛	0	14.78
GMAC O/S Fin. 12⅞ 88	100	92	92½	0	+0⅛	14.73
Gen. Mtrs. O/S 11¾ 87	100	88⅛	89⅛	−0⅛	+0⅛	14.50
Genstar 14½ 91	50	98¾	99¼	−0⅛	+0½	14.92
GTE Fin. 13¾ 86 (WW)	50	96⅞	97⅛	+0⅛	+0⅛	14.70
Hiram Walker 16 86	50	101⅞	102⅜	+0⅞	+0⅞	15.35
IBM Wld. Trade 12½ 88	200	96⅝	97⅛	−0⅛	−0⅛	13.19
Newfoundland 13½ 90	50	94⅛	94⅝	+0⅛	+1½	14.64
Nova Scotia 10¾ 90	50	82⅞	83¼	+0⅞	+0⅞	14.78
OKB 10 85	50	85⅝	86⅛	+0⅛	+0⅛	14.82
Ontario Hydro 13½ 91	100	95⅛	95⅝	+0⅛	+0⅛	14.37
Quebec Hydro 11½ 92	100	82½	83	−0⅛	+0⅛	14.76
Queb. Hy. 13 91 (WW)	100	88⅝	89⅛	0	+0⅛	15.23
Royal Bk. Canada 14 86	100	98	98½	+0⅛	+0⅛	14.49
SNCF 13 91	75	91⅜	91⅞	0	+0⅛	14.63
Sth. California Ed. 14 87	50	98⅜	98⅞	+0⅛	+1	14.33
Sven Handlsbk. 13¾ 88	45	92⅝	93⅛	+0⅛	−0⅞	15.48
Sweden 12⅞ 85	150	91½	92	−0⅛	+0⅛	15.08
Swed. Ex. Credit 13 86	75	91¼	91¾	+0⅛	+0½	15.86
Swed. Ex. Cred. 15¾ 88	60	99½	100	−0⅛	−0⅛	15.82
Tordom Corpn. 15½ 88	25	101⅛	101⅝	+0⅛	+0⅛	15.08
Toronto-Dom. Bk. 14 84	50	96⅝	97⅛	0	0	15.38
Tribune O/S Fin. 14 86	50	96¼	96¾	−0⅛	+0½	15.03
World Bank 9¾ 85	200	85½	86	0	+0⅛	14.69
World Bank 10¾ 87	300	83⅞	84⅜	+0⅛	+0⅛	14.36

Average price changes... On day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96⅞	97⅞	−0⅞	−0½	10.53
Austria, Rep. of 8¼ 92	150	85¼	86	0	+0¼	10.46
CECA 7⅞ 92	150	†84½	85	0	−0⅞	10.21
CECA 10 91	120	†99¾	100	+0¾	+1	10.05
CII-Honeywell 8½ 90	125	†86¾	87½	−1¼	−1½	10.64
Council of Europe 10 91	100	97⅞	98⅝	0	−0½	10.28
EIB 8½ 90	200	87¾	88¼	−0⅛	+0¼	10.61
EIB 10½ 91	200	†99¼	100	−0⅞	0	10.55
ESCOM 9¾ 87	100	91½	91⅞	0	+0¼	11.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24.62
Canon 6¾ 95	1/81	829	162⅛	163⅞	+2⅛	6.12
Credit Suisse 4¾ 93	10/79	1236	80	82	0	−0.65
Digicon Fin. 8½ 95	10/81	29.5	103¾	105	+1¾	8.04
Fujitsu 5½ 96	7/81	732	101⅝	102⅝	−0⅝	15.48
Hanson O/S Fin. 9½ 96	8/81	2.74	88½	89½	−0¼	1.16
Ina Overseas 8¾ 2000	4/81	42	113¾	114½	+0¼	−0.88
Inchcape 8 95	2/81	4.55	79½	80½	+0⅞	−1.78
Kotobukiya Co. 7 96	4/81	619	†97½	98½	+0¾	0.44
Marion Int. Fin. 9 95	12/80	15.5	81½	82¾	−0⅛	22.63
Matsushita El. 7½ 95	11/80	590	92	93¼	+0⅛	1.58
NKK 6½ 96	7/81	188	102	103	−0½	11.43
Ricoh 6¾ 95	8/80	604	124⅝	125⅞	+0⅞	1.61
Sumitomo M. Ind. 7 95	2/81	181	137¼	138¼	−1⅛	0.66
Swiss Bk. Cpn. 6¾ 90	9/80	200	72½	74½	0	24.98
Taylor Woodrow 8¾ 90	1/81	4.94	92¼	93½	+0¼	0.21
Tokyu Land Cpn. 7¾ 96	4/81	325	100¾	101¾	+0¼	17.87
Transco Int. 8¾ 95	2/81	68	82¼	83¾	−0¼	32.02
Tricorp 8½ 95	12/80	31.25	82¾	84	+0¼	21.18
Union Bk. Switz. 5 89	2/80	70.79	72½	74½	0	5.91
Fujitsu 5 84 DM	7/79	431.5	181½	182½	−6⅛	−1.97
Sharp Cpn. 6½ 88 DM	9/80	595	174½	175½	−7⅛	−3.37
Uny Co. 6½ 85 DM	11/79	879.3	116⅛	117⅛	−1⅛	−1.17

* No information available—previous day's price.

† Only one market-maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Massey to sell Ohio engine plant

By Ian Hargreaves in New York

MASSEY-FERGUSON, the Canadian farm machinery concern, is to sell its Canton, Ohio, diesel engine plant to Timken, also of Canton, which is the world's largest manufacturer of tapered roller bearings.

Although the plant is only 10 years old, it has been closed since December 1979 because of heavy losses. The plant was used to make industrial engines, farm equipment and other applications as part of Massey's Perkins diesel engine operations.

It was originally built by White Motor Company, which is being taken over by Volvo of Sweden, at a cost of about $31m.

Timken said yesterday it had made no firm decisions about usage of the plant, which is only a few miles from the company's headquarters. Timken makes bearings for the automotive and rail car industries, as well as other sectors, and has just completed a $525m worldwide modernisation and expansion programme.

Massey said its agreement to sell the Canton plant did not affect its attempts to find a partner and a site for a new diesel engine plant to produce smaller engines for cars.

Massey is discussing a number of possible ventures, including one which would mean the company using Chrysler's inoperative engine plant in Windsor, Ontario, just across the Canadian border from Detroit.

That deal would have the virtue of appealing to the Canadian Government, which has made available financial aid to both Massey and Chrysler Canada on condition that each company upgrades and develops its Canadian operations.

Quarterly rise for Gulf and Western Inds.

By Our Financial Staff

GULF AND Western Industries, the U.S. conglomerate, boosted net profits by 26 per cent in its third quarter, earnings up from $60m to $75.8m.

Revenues for the quarter to the end of April came to $1.5bn compared with $1.36bn in 1980, and earnings per share were 97 cents compared with an adjusted 82 cents last time. Before adjustment for the conversion of debentures, earnings per share were $1.03 last time.

For the nine months the group, which includes manufacture of various consumer and industrial products as well as financial services and Paramount Pictures among its interests saw net profits rise from $191.67m to $222.9m.

Total revenues for the nine months came to $4.18bn, up from the $4.02bn achieved in the first three quarters of 1979-80.

Mastercard lifts foreign volume

By Alan Friedman

MASTERCARD, the U.S. credit card and travellers cheque group, yesterday reported a 130 per cent increase in its foreign dollar sales volume for 1980 and a setback in the domestic U.S. market.

According to Mastercard's estimates for last year, the gross volume of international purchases for $6.6bn, compared with $2.7bn in 1979. But in the U.S., purchases fell by 2.3 per cent to $24.6bn.

Mr Russell Hogg, president of Mastercard, said yesterday that the U.S. decline was caused partly by the imposition of credit controls by the Federal Government. Given the "turbulence" of the U.S. economy last year, he was satisfied with the results.

Mr Hogg acknowledged that the number of U.S. cardholders declined by 700,000 to 55.7m last year, but expected an increase in the current year.

He added that Mastercard had "challenged" its rival—Visa—last year to co-operate in the compilation of international and domestic statistics. "Both Visa and Mastercard have now joined hands to come up with solid numbers," he said. The statistics would be prepared with the help of the American Banking Association.

Abitibi to sell mill

TORONTO—Abitibi-Price has agreed to sell its fine paper mill at Thorold, Ontario, to Noranda Mines' subsidiary Fraser for an undisclosed amount. The mill produces fine and specialty paper from three machines with an annual capacity of 100,000 tons.

Abitibi said proceeds would go toward the cost of upgrading the groundwood mill and coating facility at Thunder Bay, which is estimated to cost more than C$30m (U.S.$24m).
Reuter

TOYS "R" US HONES A MARKETING STRATEGY

Toy trader plays profit game

BY IAN HARGREAVES IN NEW YORK

"DETROIT IS FABULOUS." This is one of those statements that you have to hear twice before you believe someone is saying it. Not even the Mayor of Detroit says it.

Mr Charles Lazarus does, however. He says it because he has nothing to do with cars or Tamla Motown records. Mr Lazarus sells toys.

His company, Toys "R" Us (the "R" needs to be backwards to get the name spot on) has just had its best first quarter ever, its best year ever and has declared a second stock split in 12 months to cash in on investor enthusiasm.

"We think there's a market out there which will easily absorb more of our stock," says Mr Lazarus. Given that Toy's stock price has nearly doubled since last summer to 21 times earnings. This may be an understatement.

Why is Mr Lazarus going on about the wonders of Detroit? Because he has just been asked a question he does not wish to answer. The question: "Surely your formula of planting identical toy supermarkets around the U.S. produces better results in some places than others. Which are the good and which are the bad?

"The more urban the area the better we do," he volunteers. "Detroit is fabulous." It may be drawn from this that Baileys Crossroads, Virginia, is not. But Mr Lazarus won't say, because he doesn't want to upset his store managers. However, if Baileys Crossroads is not fabulous, the fault is Mr Lazarus' as he decided to build a store there. He still decides, along with colleagues, exactly what will be sold there, in what mix and at what price. He even decides how many candles of light will be shed on the checkout. "We don't hire them, we clone them." Mr Lazarus once said of his store managers.

The reason urban centres are best for Toys R US is that density of people breeds the kind of juvenile one upmanship upon which toy salesmen thrive —even with 16 per cent unemployment in Detroit.

There is nothing new, of course, in pitch-perfect product uniformity as a means of taking hold of markets. In toys, however, the idea is fairly new, started by Mr Lazarus.

It was not always a successful company. Three years ago, Toys was emerging from the bankruptcy proceedings of its foster parent, InterState—a chain discount company to which Mr Lazarus had sold his fledgling toy business in 1966. But Mr Lazarus kept the toy stores on their feet. He continued to enlarge the toy division of InterState—of which he had remained chief executive—even during bankruptcy, paid off the parent's debts and was soon out and running again. The only legacy today from that unhappy period is the group of 10 department stores which Toys took over from InterState and which it would probably sell tomorrow if there was even a half decent offer.

Toys "R" Us has brought mass marketing to U.S. toy retailing with impressive financial results. The key to success is tight central control of its large stores which perform best in urban areas where children's one upmanship is strongest

Today, Toys has 101 toy supermarkets in 16 states, clustered into groups around major metropolitan centres, each of which is served by the company's own warehouse and distribution centre. This year, the company will open up in Philadelphia, next year somewhere in Florida. The average shop size is 100,000 sq ft and the typical location a busy suburb with a highly visible site —that means not inside a shopping mall. "We don't quite have the McDonalds arch, says Mr Lazarus, "but we believe in identity."

The fact that Toys does now, through its extensive TV advertising campaigns, have national identity, makes Mr. Lazarus impatient that he cannot find the right one-acre site to open a store in Manhattan. "Just think of all that advertising coming over here," he complains. Mr. Lazarus lives in Manhattan and commutes each day to New Jersey, to Toys' headquarters.

In that building, a large computer and a dedicated but small cadre of top executives leaves nothing to chance. Sales information gushes in from every store daily and the men in New Jersey decide whether to increase the flow of Strawberry Shortcake dolls to San Diego or Muppets to Moline, Illinois.

If it all sounds simple, Mr. Lazarus is not about to disagree. "Selection and price, that's our entire pitch," he says. The daily selections involve 18,000 items per shop. Unlike the part-time toy salesmen from the department stores who fill their toy sales space with parasols in the summer. The prices are typically one-third lower than those of the small toy shops and for loss leaders like nappies and baby oil, Toys is happy to have no margin at all.

The weakness of the part-time competition is one of the reasons behind Toy's remarkable success. Last year was a perfect example of how this works.

American kids were supposed to be going nuts about electronic toys. Well, they had the previous year, so much so that most stores did not have enough gadgets for sale in the fortnight *before Christmas 1979.*

Toys, because it has Christmas level toy stocks all year round, realised some time between June and August, 1980, that kids were not so nuts as had been supposed, so the company started ditching stocks of electronic games at rock bottom prices. By Christmas, when it turned out that recession-stung parents had convinced their offspring of the virtues of cheaper, simpler toys, like doll and board games, Toys had plenty of those and made a killing.

That puts Toys in a strong position to bargain with the hard-hit toy manufacturers—Ideal Toy, one of the biggest, lost $14m last year—who were only too glad to see Toys stock its warehouses with their own surplus inventory in January. "We will not pay for most of that stock until the end of this year," says Mr. Norman Ricken, Toys' financial chief.

So Toys ended 1980 with record profits of $28.9m—up from $26.7m—on sales of $597m —up from $480.3m—the fact that these numbers indicate a deterioration of profit margins was, says Mr Lazarus, a price the company was prepared to pay for the 1.5 per cent gain in market share achieved last year. The company estimates its current share at 7.5 per cent.

Hell for leather pursuit of market share makes sense. Toys' success has inevitably spawned imitators and it wants to have a hold on as many markets as possible before a competent rival turns up. It is a strategy perfected in other fields by Tandy, an electronics retailer, with whom Toys is often compared by Wall Street analysts.

Demographics are also starting to help out the toy business, following a recent mini baby boom which will cause the 0-6 year age group to expand one-third faster than the population as a whole over the next decade.

Will Toys bring the backward R of its logo to Europe? "We're going to be there," says Lazarus, without hesitation, but he acknowledges that there is a lot of growth to organise in the U.S. before he has the resources of people—all Toys managers are trained inhouse—and funds —to do that. "It would be nice to do something in Europe at *the same time.*"

But Mr. Lazarus is not likely to overstretch himself. He knows better than most the bleak pages of Chapter 10 of the Bankruptcy Code.

These days, there is not much danger of financial problems. All of this year's new stores will be financed out of earnings and at year-end the company had $76.2m of cash to set against $14.3m of long-term debt and $24.6m of capital lease obligations.

Whether Toys will again become a takeover target is a less easily answered question, given that Petrie Stores, a women's clothing retailer, owns 22 per cent of Toys' stock.

Petrie denies it has predatory intentions on the toy retailer. Mr. Lazarus knows that his best defence against raising the temptation is to keep those inventories razor-sharp and the share price up there in the clouds.

Oil money for biotechnology

PHILLIPS PETROLEUM Company, the oils and chemicals group has bought a $10m equity interest in Salk Institute Biotechnology Corporation, previously a wholly-owned subsidiary of Salk Institute, a private non-profit biological research concern in La Jolla, California, reports AP-DJ from Bartlesville, Oklahoma.

The purchase gives Phillips Petroleum a 37 per cent equity interest in the corporation, which it said would be renamed Salk Institute Biotechnology-Industrial Associates. Phillips said it had an option to buy up to a 50 per cent interest in the concern.

Canadian broking merger will create largest firm

BY ROBERT GIBBENS IN MONTREAL

TWO NATIONAL investment houses, Dominion Securities and A. E. Ames, are to merge to become the country's largest—a title now held by Wood Gundy.

Both companies are among the oldest investment firms in Canada and operate as investment bankers and underwriters and also bond dealers and stockbrokers. Ames had been best known in bond underwriting for major corporations.

The new company will be known as Dominion Securities Ames and will be based in Toronto. Its capital will be about C$50m (US$40m) and gross revenues of more than C$200m a year. The companies said they did not intend going public.

The new firm will have a staff of 1,800, offices in 29 Canadian cities, membership in all major Canadian exchanges and a strong presence in New York, London, Paris, Lausanne, Tokyo and Hong Kong.

Mr Robert Bellamy of Ames said his firm had only broken even in the past two years and had not yet turned the corner.

According to Mr Anthony Fell, Dominion's chief executive, that firm posted profits after taxes and bonuses of $8.1m in the year to September 1980.

Sharp fall in Daon's income

By Our Montreal Correspondent

DAON DEVELOPMENT, the major western Canada and U.S. real estate developer, reports sharply lower earnings in the first half ended April 30 but says the second half will show a recovery.

Net profit in the latest six months was C$6.7m (US$ 5.6m) or 13 cents a share against C$18.4m or 40 cents a year earlier

Demand remains strong for residential and industrial land and for shopping centres and office buildings, the company said, particularly in western Canada and in California.

The Board raised the quarterly dividend to 4 cents a share from 3 cents a year earlier.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Bristol & West Invests.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%. 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

Fiat loan heralds listing for Iveco

By Rupert Cornwell in Milan

A $250M financing signed yesterday for Fiat Finance Corporation is likely to be the first step towards the intended bourse quotation of the Italian motor group's heavy vehicle subsidiary, Iveco.

The loan is the first convertible syndicated Euro-credit and 50 per cent of it has been subscribed by Arab banks. Participants will have the option over its seven-year life to convert their share of the loan into shares of the Dutch-based Iveco B.V.

If this option is fully taken up—and the enthusiastic market reception for the offering indicates it might be—senior Fiat officials envisage that up to 20 per cent of the Fl 1bn ($373m) equity of Iveco might pass to the banks, and hence be freely traded by the public.

The unusual convertible option is believed to be one of the main reasons for the success of the loan, which attracted applications for almost $300m. The amount of the loan was raised to $250m from the originally planned $200m.

The interest rate on the loan has been set at ¾ of a point over London inter-bank offered rate. However, for the portion that the participating banks choose to make convertible, the spread will drop to ½ a point

The 20 per cent of Iveco's capital that will be issued under the conversion is roughly equivalent to the portion of Iveco's equity at present under dispute between Fiat and the owner of the stake, Kloeckner-Humboldt-Deutz of West Germany. If the conversion option is fully exercised, therefore, Fiat will effectively offload an equivalent number of the shares it is obliged to buy back from KHD.

Sig. Giovanni Agnelli chairman of Fiat.

The operation has been facilitated by the return to financial health of Iveco, after a run of losses. A sharp improvement in the fortunes of its West German offshoot, Migarus, and the recovery by the dollar mean that the company will at least break even and probably show a profit in 1981.

It is particularly successful in the Arab-world, and Fiat is hoping that this will underline the conversion option's appeal to the Arab banks participating.

Lead managers to the issue are Arab Banking Corporation, Banca Commercuale Italiana, Gulf International Bank, Kuwait Foreign Trading Contracting and Investment Company and the National Westminster Bank.

SSIH board resigns as further loss is predicted

BY JOHN WICKS IN BIENNE

THE ENTIRE board of Societe Suisse pour l'Industrie Horlogere (SSIH), the Swiss watch group at the centre of a major banking rescue, is to resign.

This was announced yesterday at a press conference, at which it was also disclosed that SSIH, which ran up losses of SwFr 161.6m ($75.5m) after tax in 1980, woud incur further losses in the current 12 months.

This year will be "another difficult one," Mr Ulrich Doenz, the general manager, said. The non-watch activities should approach a balanced result, but the watch operations, which take in the Tissot and Omega brands, would end the year with a substantial loss, he added.

In the SwFr 300m ($140.2m) rescue plan drawn up by the company's banks, provisions of SwFr 39.2m are foreseen for holding company losses during the year ending March 1982, together with a further SwFr 30m for risks on stocks in hand. The rescue proposals will be presented for approval on June 16.

Losses in 1981 on branded goods will result primarily from excessive stocks, Mr Doenz said. In order to reduce stocks, production and sales by the factories had been adjusted downward. As a result output and turnover in the first five months of 1981 had fallen.

The introduction of a new Omega gold watch collection had been held up by delays on the part of suppliers "who hesitated to give SSIH support because of its financial situation."

With regard to stock disposals, Mr Doenz said that some gold watches had been melted down and others destroyed. SSIH will in time dispose of all operations not making a profit.

Negotiations with Asuag, the leading Swiss watch manufacturer, with a view to future cooperation, are said to be progressing well. Both Omega and Tissot already have certain working agreements with Asuag in Switzerland.

Last month SSIH said in a letter to shareholders that they must regard their capital as lost. At March 31, group accumulated losses totalled SWFr 142.4m, which compared with capital and reserves at that date of SwFr 115m.

Earnings plunge at Michelin

BY OUR FINANCIAL STAFF

A SHARP fall in profits was unveiled yesterday by Michelin, the French tyre group, after an upsurge in deprecation and provisions.

At the net level, group income has slumped to FFr 304m ($54m) from the FFr 539m returned for 1979, when sales totalled FFr 25.3bn. Michelin's turnover in 1980 amounted to FFr 31bn.

This is the second year running that Michelin has been forced to disclose reduced earnings against a background of shrinking world tyre markets and rising raw material costs.

In 1978 group net earnings totalled FFr 686m on sales of FFr 19.7bn.

Last year Michelin set aside FFr 1.78bn for depreciation compared with FFr 1.3bn a year earlier, while specia provisions absorbed a further FFr 592m of profits, against just FFr 182m in 1979.

Gross operating profits were actually higher at FFr 2.7bn compared with FFr 2.35bn, an increase of 15 per cent.

Earlier this year, Michelin reported th eresults of its stricken associate, Kleber Colombes, where the disposal of certain assets helped to reduce losses.

Michelin, however, made no bones about the depth of the problems facing Kleber, whose co-operation deal with the West German tyre group, Continental Gummiwerke, collapsed last year. Kleber's 1980 losses totalled FFr 78.6m, against FFr 104m, but only after profits on asset sales amounting to FFr 148m.

At the end of 1980, the Michelin group assets stood at FFr 38bn, compared with FFr 30.5bn.

●ELF-FRANCE, Elf-Aquitaine's refining and distribution subsidiary, could sustain a loss of FFr 1.2bn ($211m) in the first half of 1981. Losses in the first four months reached FFr 502m after a FFr 593m loss for 1980 as a whole.

The predicted first half loss represents a loss of around 32 centimes per litre on the retail price of oil products.

Bright prospects seen for FIDIS holding company

BY JAMES BUXTON IN ROME

THE PROSPECTS for FIDIS, a financial holding company wholly-owned by Fiat which is eventually to be quoted on the Milan Stock Exchange, appear to be "particularly brilliant," according to Dr. Cesare Romiti, managing director of Fiat and chairman of FIDIS.

Next month bonds in FIDIS will be quoted on the stock exchange and will be convertible into FIDIS shares each June between 1982 and 1986. Eventually Fiat's stake in FIDIS is envisaged as declining to 40 per cent.

Last year FIDIS made net profits of L5bn ($4m) compared with L900m in 1979, and even better results are expected for 1981. This year FIDIS expects to take in dividends worth about L20bn.

The company is in the course of a transition. Its share capital was raised from L15bn to L125bn last November, and earlier this year a 25 per cent holding in Milan-based Weber, one of Fiat's major components suppliers, was transferred to FIDIS for L12bn.

The company basically has diverse holdings in Italian industry and, to a much lesser extent, in financial institutions. Some of the industries are directly connected with the Fiat group. FIDIS recently disposed of a 35.5 per cent holding in the Milan-Turin autostrada to an undisclosed purchaser.

FIDIS is the holding company through which the Agnelli family, the controlling shareholders in Fiat, are expected to take part of the state-held share of the Montedison chemical company.

Reksten report may bring Hambros suit

By Fay Gjester in Oslo

A LONG awaited report by the executors of Mr Hilmar Reksten, the late shipping tycoon, could be crucial in determining whether a Norwegian State-backed agency decides to sue Hambros Bank for damages.

The report, due on Thursday, will "provide access to documents which could illustrate the bank's role" in the Reksten affair, according to Ms Inger Prebensen, recently appointed managing director of the Guarantee Institute for Ships and Drilling Rigs (GI).

Mr Haakon Nygaard, the manager of the GI since its foundation, was recently temporarily suspended from his job, pending clarification of this role in the Reksten transactions.

Ms Prebensn, his successor, confirmed yesterday that the GI had sought legal advice about "every aspect of this business—including our relationship with Hambros Bank." Hambros declined to comment on the matters yesterday.

Consortium bid for Lopez Quesada likely to succeed

BY ROBERT GRAHAM IN MADRID

LAST MINUTE efforts by a consortium of the big seven Spanish commercial banks to prevent Banque Nationale de Paris (BNP) from buying a local bank, Lopez Quesada, are likely to succeed.

Prominent local bankers said it would be difficult for the authorities to ignore the offer of the country's most prestigious banks—even though the price offered is understood to be lower than that put up by BNP.

The terms of the consortium's offer, submitted just before an extended deadline late on Monday night, have yet to be made public. BNP's offer is reportedly worth Pta 5bn ($52m).

The authorities were yesterday studying the respective merits of the two offers. A decision is unlikely until early next week. Until now the Bank of Spain has been adamant that it will only accept the best financial offer, and the move by the big seven appears to be an escalation of a struggle between the liberalising aims of the central bank and the protective desires of the banking community.

The original deadline for bids for Lopez Quesada was may 30 but by then only BNP had made an offer. Meanwhile Vizcaya, a member of the consortium, had been the sole bank to bid for a smaller commercial bank on offer at the same time, Meridional. The deadline was extnded to allow a hurried bid by the big seven, which decided to bid for both Lopez Quesada and Meridional. This strategy had the advantage of obscuring the inferior price offered for Lopez Quesada. Even so, the Spanish banks feel that as the foreign banks do not contribute to the deposit guarantee fund they do not need to bid so high.

The consortium aims to absorb other banks in difficulties. A leading banker said yesterday that he expected that the consortium would have to absorb between five and eight small commercial and industrial banks during the course of the current year indicating that the three-year-old banking crisis is not yet over.

Extra credit guarantee ends crisis at Burmeister

BY HILARY BARNES IN COPENHAGEN

THE ACUTE cash crisis at Burmeister and Wain was solved late on Monday night when the Government agreed to provide the shipyard with an extra export credit guarantee of DKr 50m ($6.6m), bringing total guarantees to DKr 275m.

The Copenhagen yard has on its books orders for 14 bulk carriers worth about DKr 3bn, which will provide work until early 1984.

The Government's decision follows the conclusion of a productivity agreement between the workforce and the management which should guarantee that the ships are completed in the number of hours on which the price of the vessels was based.

At one time Burmeister expected calendar 1981 to yield a small profit within an overall loss for the current accounting period running for 18 months to December 1981. The yard is now budgetting for a loss in 1981 followed by a profit in 1982.

The orders for the 64,000 dwt fuel economic bulk carriers, in which the yard specialises, have been taken at prices which should give a satisfactory return, Burmeister says.

The financing costs of starting a new series of ships are heavy and it is this, together with the 20-day delay in completing one vessel due for delivery to a Norwegian owner last month, which caused Burmeister's latest cash problems.

Workers, however, worked over the Whitsun holiday to bring forward the completion of the vessel, which will now go on sea trials on Friday, a week ahead of its revised schedule, says Mr Cato Sverdrup, managing director. He says that the next ship in the series should be delivered on time.

Four of the vessels are contracted by the China Ocean Shipping Company under a trade agreement promising to open up the Chinese market to other Danish industrial products. A Chinese delegation at present is discussing trade relations in Copenhagen.

The Foreign Ministry said the delegation had expressed concern over the possible failure of Burmeister to meet its commitment.

West German oil refiner in the red

By Our Financial Staff

THE WEST GERMAN oil refiner, Union Rheinische Kraftstoff, suffered a loss of DM 56.2m ($23m) in 1980, compared to a profit of DM 13.4m. The company sees little chance of improving results in the current year.

Sales rose 3.4 per cent to about DM 4.9bn from DM 3.7bn in 1979, but the amount of crude oil refined declined 11.6 per cent to 3.8m tonnes showing that the rise in cash sales arose from higher oil prices. Results in all sectors "had been unsatisfactory."

The company is 75 per cent owned by the utility, RWE, with Hoechst, the chemical group, holding 25 per cent.

Panalpina ahead

OPERATING PROFIT of the Swiss-based international forwarding concern, Panalpina, rose 18 per cent to SwFr 340m ($160.4m) last year, after a 19 per cent rise in turnover to SwFr 2.37bn, writes our Zurich staff. The current year promises to be another good one. Panalpina expects profits to be at least maintained.

Nato project group formed

BY TERRY DODSWORTH IN PARIS

A GROUP of nine Western electronics companies are combining to form a co-operative venture to undertake work on Nato's Air Command and Control System (ACCS) programme.

Thomson-CSF, the group's French partner, says the nine have already worked together for more than a year to prepare for the ACCS project. All have extensive experience in this field, and they will jointly aim to win contracts for the update of Nato's European control system on a competitive basis.

The new company, to be registered as ACCSCO, will be jointly owned by AEG-Telefunken of West Germany, Hughes Aircraft (U.S.), Marconi (UK), MBLE (Belgium), Plessey (UK), Selenia (Italy), Siemens (Germany), Hollandse Signaal Apparaten (Netherlands) and Thomson-CSF.

La Redoute raises dividend

NET PROFITS of La Redoute, the largest French mail order house, have improved to FFr 58.1m ($10m) at the parent company level for 1980, writes our financial staff. The result compares with FFr 49.8m in 1979.

The improved outturn is allowing the company to step up its dividend to FFr 42 a share from the FFr 34.5 paid for 1979, an increase of more than a fifth.

Anglo American assurance move

BY JIM JONES IN JOHANNESBURG

ANGLO American Corporation, South Africa's largest private sector group, is to merge its two wholly-owned assurance companies, African Eagle Life and Guarantee Life. The merger will result in the country's fourth largest insurance group with assets of more than R1bn ($1.15bn) and an expected annual income of about R230m ($263.61m) in 1982.

The main advantage in the merger will be on the marketing side. Until now, African Eagle has marketed its policies exclusively through its own field force while Guarantee Life sold policies only through brokers. With the merger both companies will have access to the other's marketing arm.

On the latest available figures African Eagle had assets of R828m on March 31, 1980, while Guarantee Life's assets are about R100m. The merged company, to be named Anglo American Life Assurance Company, will start trading as a single entity early in 1982. At present the management has no plans to offer participation in the group to outside investors.

Ruhrkohle increases output and share of energy market

BY KEVIN DONE IN ESSEN

RUHRKOHLE, the dominant West German coal producer, managed to improve its share of the West German energy market last year after a marginal increase in production. The increase came despite the overall fall of 4 per cent in energy consumption in the Federal Republic.

Sharply rising prices for imported oil, gas and coal have helped Ruhrkohle's competitiveness, but the West German coal industry is still dependent on large State support to maintain its position in the domestic market.

Ruhrkohle increased its hard coal output by 0.3 per cent to 63.1m tonnes. It accounts for some 73 per cent of total West German production and for around 30 per cent of EEC coal output. West German hard coal production rose by 700,000 tonnes to 87.9m tonnes last year.

Hard coal met 19.8 per cent of West German primary energy consumption in 1980 against 18.6 per cent in 1979.

Turnover of the Ruhrkohle parent company rose by DM.313m to DM 13.3bn ($5.52bn), but reported profits dropped by 19 per cent to DM 111m ($4bn) compared with DM 138m in 1979, Dr. Karlheinz Bund, the chief executive, stressed that the group profitability was far from satisfactory.

Group turnover increased by 1.2 per cent to DM 16.4bn, despite an 8.5m tonne drop in coal and coke volume sales to 64m tonnes mainly as a result of a planned reduction in loss-making exports.

Ruhrkohle maintained its domestic sales of coking coal and coke to the steel industry in the face of a 5 per cent drop in steel output, although lower exports meant an overall fall of 16.4 per cent to 32.5m tonnes.

In this market it received some DM 1.4bn in State support to enable it to close the competitive gap between its domestic and imported coking coal.

With rising fuel oil prices widening the coal industry's competitive advantage over oil in power generation, the coal industry overall increased sales by 1m tonnes to 33.1m tonnes to this sector. Ruhrkohle's domestic sales grew by 0.3 per cent but lower exports reduced total power station coal sales by 3.3 per cent to 24.4m tonnes.

Future development at Ruhrkohle will place greater emphasis on expanding activities beyond the primary production of coal, according to Dr Bund.

It has produced the outlines of an investment programme totalling some DM 25bn over the next 10 years, with about DM 1.9bn a year of average annual spending, DM 2.5bn going to domestic mining activities.

Two new issues for Singapore exchange

By Georgie Lee in Singapore

THE BUOYANCY of the stock markets in Singapore and Malaysia continues to attract new issues. Two companies are seeking listing on the Stock Exchange of Sangapore and are inviting subscriptions from the public for new shares.

Singapore Finance, currently a wholly-owned subsidiary of Hong Leong group, is offering 7.5m new shares of S$1 par value at S$4.50 each. Singapore Finance, which is a Singapore-based finance company presently has an issued capital of S$22.5m. The new issue will raise its issued capital to S$30m, and reduce Hong Leong's stake in the company to 75 per cent.

The net tangible assets per share with the issue will be S$2.06.

Group pre-tax profits for 1980 was S$7.33m (U.S.$3.4m), while at the post tax level, group profit totalled S$4.3m

Singapore Finance has forecast pre-tax earnings of more than S$9m for the current year, ending December. It expects to pay a gross dividend of 12 per cent on the enlarged capital. In 1980, it paid a dividend of 12 per cent. The company was listed on the Stock Exchange of Singapore until the Beginning of 1979, when it was acquired by the Hong Leong group.

The other company inviting public subscription for new shares is Hong Fok Corporation, a property development and holding company with major interests in Singapore and Hong Kong.

Hong Fok, which is already listed on the Kowloon Stock Exchange, is offering 16.5m shares of S$1 par value each at S$3.80 per share. The issue will raise its existing issued capital of S$74.39m to S$90.89m.

Group pre-tax profit for the year ended December was S$13.3m, while at the post-tax level, group profit amounted to S$7.6m. Hong Fok has forecast group earnings of not less than S$20.2m on a pre-tax basis and S$12.8m at the post-tax level.

The group expects to pay a gross dividend of 8 per cent for 1981, the first for five years.

The net tangible asset per share after the issue based on the book-value at the end of 1980 will be S$1.76.

Nomura seeks permission for UK banking business

BY JOHN MAKINSON

NOMURA SECURITIES Company, the largest securities house in Japan, confirmed yesterday that it was seeking permission from the Bank of England to begin banking business in London.

Mr Akira Shimizu, the president and managing director of Nomura International, said that the company had held talks with Bank of England officials but did not know how soon a decision was likely to be reached.

Nomura is initially seeking a licence to act as a deposit-taking institution, the first step towards full banking status. Securities houses in Japan are not allowed to participate in domestic banking business, but all the leading companies are understood to be anxious to begin banking operations in London. Nomura has just opened new premises in the City, which could accommodate a banking unit.

The Bank of England has been examining the applications and is believed to have considered whether the award of banking licences in London should be matched by concessions for British banks operating in Japan. But Mr. Shimizu said he did not believe that reciprocity was an issue.

Explaining Nomura's application, Mr. Shimizu said that the company had nearly 10 years of banking experience in Europe and South-East Asia. London would provide a base for it to develop its international expertise, particularly in the areas of underwriting, foreign exchange, investment advice and Euro-yen transactions.

Mr. Shimizu emphasised that Nomura was not seeking to establish a commercial banking business. The London base would be used particularly to supplement the company's activities in South-East Asia.

TRAMP MARKET RECOVERS

Japanese shippers fare well

BY YOKO SHIBATA IN TOKYO

JAPAN'S SIX major shipping companies fared well in the year ended March 1981, thanks to a recovery in the tramp market based on an increase in the transportation of cars, solid fuel and grain.

Sanko Steamship and Japan Line suffered slight falls in turnover because of their higher ratios of unprofitable tanker operations, but the other four companies posted double figure growth. Nippon Yusen did best with a 26.9 per cent increase to Y576bn ($2.5bn).

The four companies other than Japan Line and Sanko have made accounting changes which have had the effect of trimming operating profits but making the companies eligible for Government subsidies. Without the accounting changes operating profits would have reached record levels. The Japanese shipping industry has been taking full advantage of the interest subsidy payment scheme, under which payments of interest on funds raised for building new vessels under the sponsored shipbuilding programme are partly covered by the Government.

However, if the ratio of net profits to total capital exceeds more than 10 per cent, the company is liable to repay the interest to the government and it was to hold the ratio down to less than 10 per cent, that the four companies made the accounting changes.

Nippon Yusen thus trimmed its operating profits by Y12bn to report Y18.5bn, a rise of 35.8 per cent on the previous year. Mitsui OSK cut its profits by Y9.6bn to report Y12bn, a fall of 12.2 per cent. Kawasaki Kisen was able to resume the payment of a Y4 dividend after six years despite a reduction of Y5.1bn in operating profits by the accounting change to Y5.3bn, which was still an increase of 14.9 per cent on 1979-1980. The strength in earnings was partly attributed to the yen's depreciation against the U.S. dollar, in which ship chartering is contracted.

In the current fiscal year to March 1982, the companies see uncertainties such as the over supply of tramp ships, but sales and earnings are expected to show slight increases over 1980-1981.

RESULTS FOR YEAR TO MARCH 1981

	Sales	Change	Operating profits	Change	Net profits	Change	Dividend
	Ybn	%	Ybn	%	Ybn	%	Y
Nippon Yusen	576.50	+26.9	18.48	+35.8	6.75	+73.3	4
Mitsui OSK	505.73	+21.3	12.05	−12.2	3.66	+ 2.0	4
Sanko Steamship	356.65	− 0.3	4.52	−12.3	0.90	+ 1.2	1
Kawasaki Kisen	348.98	+18.9	5.28	+14.9	2.01	+9,930.0	4
Japan Line	281.94	− 3.5	0.78	†	6.61	†	—
Yamashita-Shinnihon	212.36	+13.8	6.00	+ 8.0	1.88	+17.2	4

† Loss last time.

Kubota hit by higher borrowing costs

By Our Financial Staff

KUBOTA, JAPAN'S leading producer of cast iron pipes and agricultural and industrial machines, suffered a 33.2 per cent drop in unconsolidated net earnings for the year to April 15, from Y22.01bn to Y14.7bn ($64m). Sales were marginally lower at Y521.8bn ($2.3bn). Profit per-share fell from Y16.91 to Y11.1 and the dividend is down from Y8.75 to Y7.5.

Kubota blamed the drop in earnings mainly on heavier bank borrowing costs, which totalled Y5.5bn. The yens rise led to foreign exchange losses of some Y1.5bn. The average rate of the dollar during the accounting year was Y216 against Y238 in 1979-80.

Domestic sales were sluggish but exports increased by 17.5 per cent to Y74.65bn, accounting for 14.3 per cent of turnover.

The Japanese economy is expected to improve this summer and with exports seen remaining brisk, Kubota is looking forward to a better year. A net profit of Y16bn is forecast on sales of Y560bn.

Orders from overseas have been increasing rapidly and Kubota is planning eventually to raise the share of exports to some 20 per cent of total sales.

● Tokyo Sanyo Electric is to offer 12.5m capital shares of Y50 par value in the form of continental depositary receipts in Europe and the Middle East with payment on July 2.

The issue price will be set before June 16 when the issue contract will be signed. Kuwait International Investment Company and Yamaichi Europe are lead managing the issue.

Way sought to lend yen abroad

BY RICHARD C. HANSON IN TOKYO

JAPANESE UNDERWRITERS believe they have discovered a loophole in the tight restrictions on long-term yen borrowing in Tokyo by foreign companies through the so-called Samurai bond market.

Under the scheme, which remains at a hypothetical stage, a foreign company wishing to borrow long-term yen would first issue foreign currency bonds outside Japan. The bonds, denominated in, for example, sterling or D-Marks, would then be placed privately with Japanese institutional investors, such as life insurance companies, which would pay for them in yen.

The Japanese investors would hold the bonds to maturity, covering the foreign exchange risk through the forward market—a precaution that the borrower would also presumably want to take.

It is not clear what attitude the Japanese Ministry of Finance would take to such transactions, should they become widespread. Officials said yesterday they would need to "study" the matter.

On the face of it, however, the scheme would offer a way of raising yen funds alternative to the Samurai, yen-denominated bond market, which is subject to tight official controls.

Japanese securities experts are exploring a device that would allow foreign corporate borrowers access to long-term yen funds without breaching the strict limitations currently placed by the Tokyo authorities on this business

The authorities currently refuse to let foreign private companies raise yen funds through the Samurai market, and have also barred them from taking out long-term yen syndicated bank loans. Private dollar bond placements by sovereign borrowers in Tokyo that exceeded guidelines on lending abroad also led to an official clampdown earlier this year.

The authorities do not currently restrict the outflow of investment funds from Japan into foreign securities. A foreign company issuing a bond would simply be offering a Japanese life insurance company one more vehicle for diversifying into foreign securities. At present, life insurance companies have invested only about 2.3 per cent of their total investable funds in foreign securities, compared with a permitted limit of 10 per cent. The companies thus have considerable funds available to invest in foreign securities.

The proposed borrowing scheme has been hatched by Japanese underwriters after a complicated triangular scheme for Japanese Air Lines (JAL) was devised to cover the foreign exchange risk arising from its recent DM 100m seven year bond.

JAL took out a forward exchange contract with Citibank's Tokyo branch, whereby the airline knows exactly how much yen it will have to pay

Meanwhile, another Citibank customer in Europe found that it was unable to raise D-Marks because of the closing of the West German bond market. The bank arranged for this customer to borrow D-Marks deposited with it by JAL.

The second borrower paid for its marks through a sterling bond issue. The sterling issue, to complete the triangle, was placed by a major Japanese securities house with Japanese life insurance companies.

The life insurance companies in turn covered the exchange risk on their sterling asset with a forward yen exchange contract through Citibank.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	May 20, 1981 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	35,408	+612
Scottish clearing banks	4,183	+100
Northern Ireland banks	1,068	− 10
Accepting houses	3,507	− 7
Other	11,355	—
Overseas banks		
American banks	7,621	+162
Japanese banks	1,021	+ 87
Other overseas banks	6,253	+227
Consortium banks	853	+ 96
Total eligible liabilities*	71,270	+1,268
Reserve assets		
UK banks		
London clearing banks	3,854	+569
Scottish clearing banks	440	+ 75
Northern Ireland banks	133	+ 11
Accepting houses	382	+ 42
Other	1,223	+ 29
Overseas banks		
American banks	504	+123
Japanese banks	110	+ 24
Other overseas banks	724	+ 98
Consortium banks	121	+ 13
Total reserve assets	7,791	+984
Constitution of total reserve assets		
Balances with Bank of England	430	− 22
Money at call:		
Discount market	4,577	+887
Other	244	− 12
UK, Northern Ireland Treasury Bills	301	− 4
Other bills:		
Local authority	279	+ 35
Commercial	1,207	+205
British Government stocks with one year or less to final maturity	753	−105
Other	—	—
Total reserve assets	7,791	+984
Ratios %		
UK banks		
London clearing banks	10.9	+ 1.5
Scottish clearing banks	10.5	+ 1.6
Northern Ireland banks	12.4	+ 1.1
Accepting houses	10.9	+ 1.2
Other	10.8	+ 0.3
Overseas banks		
American banks	10.5	+ 1.4
Japanese banks	10.7	+ 1.5
Other overseas banks	11.6	+ 1.2
Consortium banks	14.2	− 0.1
Combined ratio	10.9	+ 1.2
	£m	£m
n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	254	+ 72
2—Finance houses		
Eligible liabilities	432	+ 10
Reserve assets	44.6	+ 9.2
Ratio (%)	10.3	+ 1.9

Special deposits at May 20 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £52,457m (up £1,255m).

London Clearing Banks' balances

as at May 20, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	6,245		− 347	
UK private sector	42,142		+ 481	
UK public sector	654		+ 94	
Overseas residents	4,662		− 27	
Certificates of deposit	1,882		− 207	
		55,586		− 5
of which: Sight		19,588		+ 104
Time (inc. CD's)		35,998		− 109
Foreign currency deposits:				
UK banking sector	9,876		+ 744	
Other UK residents	2,519		+ 232	
Overseas residents	22,146		+1,047	
Certificates of deposit	2,038		− 39	
		36,579		+1,984
Total deposits		92,165		+1,979
*Other liabilities**		*13,437*		− 87
TOTAL LIABILITIES		105,602		+1,892
ASSETS				
Sterling				
Cash and balances with Bank of England		1,373		− 11
Market loans:				
Discount market	2,526		+ 393	
UK banks	9,800		− 174	
Certificates of deposit	*1,418*		− 423	
Local authorities	1,295		+ 117	
Other	1,437		+ 89	
		16,476		+ 2
Bills:				
Treasury bills	127		− 74	
Other bills	1,475		+ 186	
		1,603		+ 112
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,721		− 8	
Other	2,118		+ 11	
		4,840		+ 3
Advances:				
UK private sector	31,971		− 149	
UK public sector	292		+ 8	
Overseas residents	3,055		− 45	
		35,318		− 185
Other sterling assets*		7,697		− 112
Foreign currencies				
Market loans:				
UK banks and discount market	9,139		+1,162	
Certificates of deposit	274		+ 28	
Other	16,098		+ 714	
		25,510		+1,903
Bills		55		+ 14
Advances:				
UK private sector	2,285		− 124	
UK public sector	702		− 193	
Overseas residents	7,755		+ 350	
		10,741		+ 33
Other foreign currency assets*		1,991		+ 132
TOTAL ASSETS		105,602		+1,892
Acceptances		1,232		+ 142

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	92,165	+1,979	26,685	+448	15,921	+199	19,320	+440	27,440	+831	2,799	+ 61
ASSETS												
Cash and balances with Bank of England	1,373	− 11	465	− 17	261	+ 35	262	+ 35	334	− 65	59	+ 2
Market loans:												
UK banks and discount market	31,465	+1,381	6,066	+ 74	3,074	+120	3,299	+128	8,299	+977	727	+ 82
Other	20,521	+ 525	6,018	+ 46	4,419	+128	3,679	+172	5,767	+222	638	− 38
Bills	1,657	+ 126	372	+147	415	− 43	451	+ 57	391	− 36	28	+ 2
British Government stocks	2,721	− 8	870	− 4	475	+ 17	742	− 26	560	+ 5	74	—
Advances	46,059	− 152	13,547	+118	7,960	− 39	10,497	+ 24	12,686	−275	1,369	+ 20

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	35,225	+ 613	10,949	+248	5,677	+128	8,513	+212	8,889	− 31	1,198	+ 55
Reserve assets	3,836	+ 569	1,148	+236	696	+163	894	+134	965	+ 3	133	+ 34
Reserve ratio (%)	10.9	+ 1.5	10.5	+ 2.0	12.3	+ 2.7	10.5	+ 1.3	10.9	+ 0.1	11.1	+ 2.4

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar eases

The dollar lost ground in currency markets yesterday but finished above its worst levels. Rumours later denied that the West German Bundesbank were *planning an emergency meeting* of the central council saw the dollar weaken before the denial restored some order to the market. An apparent easing of the tension in Poland was a contributory factor behind the dollar's decline coupled with a statement by West German Finance Minister Hans Matthoefer that the dollar had to fall in value against the D-mark.

Sterling was *slightly* easier overall. Speculation that the Bank of England would increase MLR was much less of a market factor and the pound tended to stay on the sidelines for much of the day.

European currencies showed mixed changes against the dollar. Within the European Monetary System there was little activity on the first day of trading after the long weekend. The French franc showed a slight overall improvement as did the Danish krone. The D-mark remained the most improved currency with the Belgian franc the weakest.

DOLLAR — trade weighted index (Bank of England) fell to 109.5 from 109.6. Euro-dollar rates showed an easier tendency, helping to undermine the dollar. *Against the D-mark it finished* at DM 2.4020 compared with DM 2.4075 and was lower against the Swiss franc at SwFr 2.1110 against SwFr 2.1250. It was unchanged against the yen however at 228.10 and rose in terms of the French franc to FFr 5.7125 from FFr 5.6750.

STERLING — trade weighted index (Bank of England) fell to 94.6 from 94.7, having stood at 94.8 at noon and in the morning. The pound was firmer during the day but lost ground towards the close. Against the dollar it finished at $1.9400-1.9410, a fall of just five points, after touching a best level of $1.9590. Against the D-mark it finished at DM 4.6625 compared with DM 4.6750 and SwFr 4.0975 from SwFr 4.1250. It improved against the French franc to FFr 11.0850 from FFr 11.0125.

D-MARK—Strongest member of the European Monetary System but very weak against the dollar affected principally by the continuing high level of U.S. interest rates. The German currency has also been depressed by a renewal of tension in Poland —The dollar fell sharply at yesterday's fixing in Frankfurt on rumours, later denied, of a special Bundesbank meeting. At *the fixing it fell to DM 2.3730* from DM 2.4255 on Friday and there was no intervention by the Bundesbank. Trading remained rather nervous with tension increasing over the situation in Poland. Sterling rose to DM 4.6830 from DM 4.6800 and the Swiss franc was higher at DM 1.1345 compared with DM 1.1330.

DANISH KRONE — Suffering in line with other *currencies* against the dollar as high U.S. U.S. interest rates and more recently, renewed tension in Poland and the Middle East push the dollar firmer. Within the EMS the krone is maintaining a position just above the Irish punt and Belgian franc — The Danish krone fell to an all-time low against the dollar at yesterday's fixing in Copenhagen. The dollar was fixed at DKr 7.618 compared with DKr 7.522 on Thursday, the previous trading day. Before yesterday the best level was DKr7.547 touched in May 1969. Elsewhere sterling rose to DKr 14.7580 from DKr 14.6790 while the D-mark eased to DKr 3.1475 from DKr 3.1503. In later trading the dollar eased to DKr 7.501.

JAPANESE YEN — *Slightly* weaker against the dollar but showing less movement than other currencies thanks to Japan's strong economic performance—The yen lost ground against the dollar in Tokyo yesterday.

THE DOLLAR SPOT AND FORWARD

June 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9330-1.9590	1.9400-1.9410	1.15-1.25c dis	−7.42	2.55-2.65dis	−5.36
Ireland†	1.5070-1.5430	1.5160-1.5190	0.45-0.60c dis	−4.12	0.75-1.00dis	−2.29
Canada	1.2040-1.2064	1.2054-1.2057	0.01-0.05c dis	−0.30	0.36-0.41dis	−1.28
Nethlnd.	2.6590-2.6920	2.6740-2.6790	1.65-1.55c pm	7.20	4.05-3.95 pm	6.00
Belgium	39.05-39.47½	39.19-39.21	9½-7c pm	2.53	14-10 pm	1.22
Denmark	7.4800-7.6375	7.5500-7.5525	1½-1¼ore pm	2.19	4.90-4.40pm	2.46
W. Ger.	2.3700-2.4300	2.4015-2.4025	1.38-1.32pf pm	6.74	3.28-3.22 pm	5.41
Portugal	63.00-63.95	63.25-63.50	par-30c dis	−2.84	par-80 dis	−2.52
Spain	95.20-95.95	95.20-95.40	15-30c dis	−2.83	50-70 dis	−2.52
Italy	1,188-1,208½	1,190-1,195	3¾-4¾lire dis	−4.27	12-14 dis	−4.36
Norway	5.9500-5.9920	5.9500-5.9550	2.70-2.20ore pm	4.94	7.55-7.05 pm	4.90
France	5.6400-5.7300	5.7150-5.7200	3-4c dis	−7.40	6-7 dis	−4.58
Sweden	5.0880-5.1375	5.0880-5.0910	1.15-0.95ore pm	2.47	2.75-2.55 pm	2.08
Japan	226.50-229.00	228.05-228.15	2.35-2.20y pm	11.97	6.05-5.90 pm	10.48
Austria	16.76-17.11½	16.98-16.99	11½-10gro pm	7.60	27¾-23¾ pm	6.07
Switz.	2.0990-2.1370	2.1105-2.1115	1.71-1.61c pm	9.44	4.10-4.00 pm	7.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

June 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9330-1.9590	1.9400-1.9410	1.15-1.25c dis	−7.42	2.55-2.65dis	−5.36
Canada	2.3310-2.3550	2.3390-2.3400	1.45-1.55c dis	−7.69	3.70-3.85dis	−6.45
Nethlnd.	5.17-5.25	5.18-5.19	¼c pm-⅛ dis	−0.29	1½-½ pm	0.77
Belgium	75.90-76.90	76.00-76.10	25-35c dis	−5.36	70-80 dis	−3.94
Denmark	14.62½-14.82½	14.65½-14.67½	4½-5½ore dis	−4.14	8-9⅞ dis	−2.48
Ireland	1.2675-1.2870	1.2760-1.2775	0.38-0.52p dis	−4.23	0.86-1.12dis	−3.10
W. Ger.	4.64-4.71	4.65¾-4.66¾	par-½pf dis	−0.64	½ pm-½ dis	0.14
Portugal	123.00-124.60	123.55-123.75	65-130c dis	−9.46	150-315 dis	−7.92
Spain	184.90-186.10	185.10-185.30	125-155c dis	−9.07	315-360 dis	−7.29
Italy	2,318-2,350	2,320-2,322	23¾-25¾lire dis	−12.54	58-61 dis	−10.25
Norway	11.54-11.66	11.54½-11.56½	½-1⅞ore dis	−1.17	¼-1½ dis	−0.28
France	11.03-11.12	11.08-11.09	13-14c dis	−14.61	25¼-26¼ dis	−9.38
Sweden	9.86½-9.98	9.87-9.89	2¾-3¾ore dis	−3.87	6½-7½ dis	−2.83
Japan	442-445	442½-443½	1.95-1.80y pm	4.81	6.20-5.80 pm	5.42
Austria	32.80-33.20	32.95-33.00	6-1gro pm	1.27	14-4 pm	1.09
Switz.	4.05-4.15½	4.09½-4.10½	1½-½c pm	2.56	3½-2½ pm	2.81

Belgian rate is for convertible francs. Financial franc 78.35-78.45. Six-month forward dollar 3.23-3.33c dis, 12-month 4.55-4.75c dis.

CURRENCY MOVEMENTS

June 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	94.6	−30.0
U.S. dollar	109.5	+3.1
Canadian dollar	87.8	−17.4
Austrian schilling	111.2	+22.1
Belgian franc	105.4	+9.5
Danish kroner	85.7	−11.5
Deutsche mark	116.6	+37.8
Swiss franc	133.5	+78.9
Guilder	108.0	+14.1
French frank	83.1	−11.7
Lira	57.5	−55.5
Yen	141.2	+35.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.595823	0.541009
U.S. $	14	1.14400	1.04523
Canadian $	19.10	1.38081	1.26389
Austria Sch	6¾	19.6574	17.9466
Belgium F	13	45.3167	41.3493
Danish K	11	—	7.98189
D mark	7½	2.77477	2.53259
Guilder	9	3.08994	2.8184
French Fr	9½	6.57686	6.00092
Lira	19	1381.95	1262.64
Yen	6¼	259.808	238.490
Norwgn. Kr.	9	6.86400	6.25570
Spanish Pts.	8	109.952	100.551
Swedish Kr.	12	5.87673	5.35785
Swiss Fr.	5	2.45445	2.23784
Greek Dr'cs.	20½	—	61.9864

OTHER CURRENCIES

June 9	£	$		£ Note Rates
Argentina Peso	8393-8413	4310-4320	Austria	32.70-33.05
Australia Dollar	1.7230-1.7270	0.8885-0.8890	Belgium	77.00-78.00
Brazil Cruzeiro	170.72-171.72	87.70-88.14	Denmark	14.60-14.75
Finland Markka	8.69½-8.71	4.4780-4.4840	France	10.96-11.06
Greek Drachma	112.705-115.565	58.70-58.80	Germany	4.63-4.68
Hong Kong Dollar	10.71½-10.76½	5.5200-5.5300	Italy	2285-2335
Iran Rial	155.25*	80.40*	Japan	442-447
Kuwait Dinar(KD)	0.542-0.548	0.2808-0.2813	Netherlands	5.17-5.30
Luxembourg Frc.	76.00-76.10	39.19-39.21	Norway	11.55-11.67
Malaysia Dollar	4.5950-4.6150	2.3675-2.3725	Portugal	118-121
New Zealand Dlr	2.2755-2.2805	1.1730-1.1740	Spain	178¾-180¾
Saudi Arab. Riyal	6.55-6.61	3.4005-3.4035	Sweden	9.87-9.97
Singapore Dollar	4.1875-4.2075	2.1590-2.1640	Switzerland	4.10-4.14
Sth African Rand	1.6890-1.6900	0.8705-0.8710	United States	1.94½-1.96
U.A.E. Dirham	7.07-7.13	3.6720-3.6750	Yugoslavia	71-83

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3558	+1.37	+1.37	±1.5361
Danish Krone	7.91917	7.96040	+0.52	+0.52	±1.6413
German D-Mark	2.54502	2.53156	−0.53	−0.53	±1.1386
French Franc	5.99526	5.99329	−0.03	−0.03	±1.3638
Dutch Guilder	2.81318	2.81801	+0.17	+0.17	±1.5159
Irish Punt	0.685145	0.692839	+1.13	+1.13	±1.6688
Italian Lira	1262.92	1261.55	−0.11	−0.11	±4.1116

Changes are for ECU, therefore positive change denotes a *week currency. Adjustment calculated by Financial Times.*

EXCHANGE CROSS RATES

June 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.941	4.663	443.8	11.085	4.098	5.185	2321.	2.340	76.05
U.S. Dollar	0.515	1.	2.403	228.2	5.712	2.112	2.672	1196.	1.206	39.19
Deutschemark	0.214	0.416	1.	94.96	2.377	0.879	1.112	497.8	0.502	16.31
Japanese Yen 1,000	2.259	4.383	10.53	1000.	25.04	9.255	11.71	5243.	5.284	171.8
French Franc 10	0.902	1.751	4.206	399.4	10.	3.696	4.677	2094.	2.111	68.61
Swiss Franc	0.244	0.474	1.138	108.1	2.705	1.	1.265	566.4	0.571	18.56
Dutch Guilder	0.193	0.374	0.899	85.39	2.138	0.790	1.	447.6	0.451	14.67
Italian Lira 1,000	0.431	0.836	2.009	190.8	4.776	1.765	2.234	1000.	1.008	32.77
Canadian Dollar	0.427	0.829	1.993	189.2	4.736	1.751	2.216	992.1	1.	32.51
Belgian Franc 100	1.315	2.552	6.131	582.2	14.52	5.388	6.811	3052.	3.076	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 1/4	offer 18 3/8	bid 17 1/8	offer 17 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	8¾-9¼	18¼-18½	19-20	11⅝-11⅞	4½-5	11-11⅛	23-24	19-21	14-15	6⅝-6⅞
7 days' notice	10¼-10¾	18⅝-18⅞	19-20	11⅝-11¾	4¾-5¼	11⅜-11⅝	23-25	23½-25½	14-15	6½-6¾
Month	11⅞-12⅛	18½-18¾	19⅜-19¾	11⅞-12	9⅝-9¾	12 1/16-12 3/16	26-27	23-24	16¼-17	7⅛-7⅜
Three months	13 1/16-13 3/16	18 1/16-18 3/16	18⅜-18⅝	12 1/16-12 3/16	10¼-10⅜	12⅞-13	22½-23¼	22¾-23⅜	16¾-17⅛	7⅛-7⅜
Six months	13 5/16-13¾	16 15/16-17 1/16	17⅞-18¼	12 7/16-12 9/16	10⅜-10½	12 13/16-13 1/16	20¾-21¾	20¾-21¾	16¾-17⅛	7¾-8
One Year	13⅝-13⅞	16¼-16½	16⅝-17	12⅛-12⅜	9 7/16-9 11/16	12 13/16-13 1/16	19¼-20¼	21⅞-22⅝	16¼-17	8⅝-8⅞

SDR linked deposits: one-month 16 9/16-16 11/16 per cent; three-months 15 13/16-16 3/16 per cent; six-months 14 13/16-15 3/16 per cent; one-year 14 7/16-14 13/16 per cent.
ECU linked deposits: one-month 16½-16⅞ per cent; three-months 15 13/16-16 3/16 per cent; six-months 15 7/16-15 13/16 per cent; one-year 14⅞-15¼ per cent.
Asian $ (closing rates in Singapore): one-month 18 9/16-18 11/16 per cent; three-months 18¼-18⅜ per cent; six-months 17-17⅛ per cent; one-year 16⅛-16⅜ per cent.
Long-term Eurodollar two years 15¾-16 per cent; three-years 15¾-16 per cent; four years 15¾-16 per cent; five-years 15¾-16 per cent; nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.30-18.40 per cent; three-months 17.45-17.55 per cent; six-months 16.45-16.55 per cent; one-year 16.00-16.10 per cent.

INTERNATIONAL MONEY MARKET

Europe rates steady

European interest rates were mostly steady yesterday. In Frankfurt call money was quoted at 11.90-12.00 per cent, the same as ast Friday, while longer term rates were unchanged on balance. Markets rumours of an *impending special meeting of* the Bundesbank central council were met by an official denial but just the possibility unsettled the dollar in the foreign exchange market for a while.

In Paris call money was quoted at 20 per cent, unchanged since May 22, when the Bank of France increased its money market intervention rate to a record 22 per cent. The Bank of *France announced yesterday its* intention to hold a FFr 3.5bn auction of six-month Treasury bills on June 11.

In Milan interest rates were steady. Rumours of a possible rise in the Italian discount rate from its current level of 19 per cent tended to be discounted in official circles, although the recent rise in the dollar to record levels against the lira has *increased pressure for such a* move. However the Italian authorities are waiting along with other EMS currencies for a downturn in U.S. interest rates and may well be content to use their currency reserves to prop up the lira.

In Amsterdam the Dutch Finance Ministry announced its intention to hold a five-year Treasury bill tender tomorrow with details to be given after the *tender.*

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	18⅞-19⅞
Treasury Bills (13-week)	15.02
Treasury Bills (26-week)	14.00

GERMANY

Special Lombard	12.00
Overnight Rate	11.95
One month	12.60
Three months	13.25
Six months	13.35

FRANCE

Intervention Rate	22
Overnight Rate	20
One month	—
Three months	—
Six months	—

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.0625
Bill Discount (three-month)	7.46875

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Day-to-day credit was in good supply in the London money market yesterday and the authorities did not intervene. In the market's favour Government disbursements exceeded revenue transfers to the Exchequer by a large *amount while on the other* side there was the unwinding of a previous sale and repurchase agreement involving a small amount of bills and bank balances brought forward a small way below target. Discount *houses were paying up to 9½* per cent for secured call loans at the start but rates had eased to around 8½ per cent by lunchtime. Late balances were taken as low as 2 per cent.

In the interbank market overnight loans opened at 9½-10 per cent and eased down to 8½ per cent before coming back to 9½ per cent just before lunch. Rates in the afternoon fell away to 3 per cent or less.

GOLD

Weaker trend

Gold fell $16 an ounce in the London bullion market to close at $455-458. Middle East tension failed to sustain the improvement seen on Monday and the metal slipped in rather quiet trading as the dollar showed signs of renewed strength. Gold opened at $463-466 and touched a best level of $465-468 before slipping back during the day.

In Paris gold touched an all time high of FFr 99,485 per kilo. During the afternoon it was fixed at FFr 97,500 per kilo ($535.22 per ounce) compared with FFr 97,500 ($529.24) in the morning and FFr 97,500 ($529.49) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,150 per kilo ($461.99 per ounce) against DM 36,115 ($465.02) previously and closed at $459-462.

In Zurich gold finished at $460-463 per ounce.

	June 9		June 8	
Gold Bullion (fine ounce)				
Close	$455-458	(£235-236½)	$471-474	(£242-244¼)
Opening	$463-466	(£239-240½)	$455-458	(£237-238½)
Morning fixing	$463	(£238.783)	$460	(£238.219)
Afternoon fixing	$460.5	(£236.883)	$475.50	(£243.633)
Gold Coins				
Krugerrand	$471½-472½	(£243-243½)	$486-487	(£250½-251)
1/2 Krugerrand	$243-244	(£125¼-125¾)	$250¾-251¾	(£129¼-129¾)
1/4 Krugerrand	$124-125	(£64-64½)	$128¾-129¾	(£66½-67)
1/10 Krugerrand	$49½-50½	(£25½-26)	$52¼-53¼	(£27-27½)
Mapleleaf	$461-463	(£237¾-238¾)	$477-479	(£246-247)
New Sovereigns	$114¾-115½	(£59-59½)	$118¼-119	(£61-61½)
King Sovereigns	—	—	$125-127	(£64½-65½)
Victoria Sovs	—	—	$125-127	(£64½-65½)
French 20s	$117-123	(£60¼-63½)	$121-127	(£62½-65½)
50 pesos Mexico	$566-573	(£291¾-295½)	$585-591	(£301¾-304¾)
100 Cor. Austria	$439-445	(£226¼-229½)	$452-458	(£233-236¼)
$20 Eagles	$574-579	(£296-298½)	$580-585	(£299-301¾)

LONDON MONEY RATES

June 9 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	3-10	9-9½	—	—	3-10	2-9½	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10⅞	11⅝	—	11½	10½-11¼	10	—	—	—
One month	12-11 15/16	12-12¼	12½	13⅛-13¼	12½	12⅜	11½	12½	12	12¾
Two months	12 13/16-12⅞	12½-12 13/16	—	13¾-13⅝	13	13	12	12½	12⅞	13
Three months	13-12⅞	13-13 1/16	13¼	14-13⅝	13 1/16	13½	12½	12½	12 15/16	13⅛
Six months	13¼-13⅛	13⅜-13 7/16	13⅝	14-13⅝	13⅞	13⅞	—	—	12⅝-12 11/16	13
Nine months	13½-13¼	13½-13¾	—	14-13⅝	13 15/16	14	—	—	—	—
One year	13 9/16-13 7/16	13⅝-13⅞	13½	14-13⅝	14	14⅛	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞ per cent; four years 14 per cent; five years 14⅛ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 27/32 per cent; four-months trade bills 13⅝ per cent.

Approximate selling rate for one-month Treasury bills 12⅜-12¼ per cent; two-months 12⅜-12¼ per cent; three-months 12⅜ per cent. Approximate selling rate for one-month bills 11¾-11⅞ per cent; two-months 12¼-12 5/16 per cent; three-months 12½-12 9/16 per cent; one-month trade bills 12½ per cent; two-months 12⅞ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association). 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 12.4376 per cent.

Wall St easier at mid-session

STOCKS CONTINUED to weaken in moderately active trading at mid-session amid concern about the latest developments in the Middle East.

However, the Dow Jones Industrial Average edged ahead by 0.56 to 996.20 at 1 pm. Declines led advances three to two on volume of 23m shares (21m). The NYSE All Common Index was 0.15 lower at $76.61.

Analysts said the market was waiting for an indication of what actions the Arab nations might take following Israel's bombing of an Iraqi nuclear reactor.

"The market is marking time, and continuing to assess the impact of the latest (Mid-East) developments," Mr Monte Gordon of Dreyfus Corp. said.

However, the recent spate of favourable U.S. economic statistics are helping to limit the market's declines.

Ferro Corporation lost 1½ to $28 on news that Crane Company had acquired about 5.5 per cent of its shares. Crane eased ½ to $39.

Stride Rite gained 2½ to $26 on the strength of a major brokerage firm's buy recommendation.

Hecla Mining slipped ½ to $15½. It began its exchange offer for Day Mines. On the American Exchange, Day firmed ½ to $23½.

Central and South West, the most actively traded issue, was up ½ to $14½, while Pacific Power and Light, also active, put on ½ to $20½.

THE AMERICAN SE Market Value Index was down 1.95 at 365.95 at 1 pm on volume of 3.38m shares (4m).

Volume leader Dome Petroleum was down ½ to $17½. Among other actives, International Banknote eased ½ to $5½. Alaska Airlines added ½ to $8½ and Consolidated Oil and Gas eased ½ to $16½.

Flow General declined 1½ to $35½ and Cyprus Corporation ½ to $12.

Closing prices for North America were not available for this edition.

Canada

The market turned sharply lower at noon in moderately active trading. The Toronto Composite Index was off 14.5 with declines leading advances by 257 to 138 on volume of 2.9m shares (1.83m).

The Metals and Minerals index shed 17.7 to 2332.1, Golds 25.8 to 3930.0 and Oil and Gas 32.0 to 4741.2.

Hiram Walker Resources was up ½ to C$29½ and Dome Petroleum was down ½ to C$21 while Hudson Bay Oil gained ½ to C$35½. Some oil-producing countries have announced price reductions.

Paris

Prices were mixed with a firmer bias in a quiet market as a technical reaction to last week's fall set in.

Among higher Oils, Esso rose FFr 14 to FFr 148.5, Raffinage FFr 6.1 to FFr 94.1 and CFP FFr 1 to FFr 125.

Michelin lost FFr 5 to FFr 720 after reporting nearly halved 1980 profits.

Properties and Investment, Construction, Stores, Engineerings, Electricals and Chemicals tended mixed, while Foods and Printing weakened.

Among foreign stocks Oils, Golds and Coppers lost ground, U.S. traded mixed and Germans firmed.

Germany

Leading shares closed generally below Friday's finish in moderate trading, despite a 0.10 point rise in the Commerzbank Index to 715.30.

The easier tone was attributed to political uncertainty in the Middle East and Poland.

In Engineerings, Linde was unchanged at DM 320, while Deutsche Babcock, GHH and KHD posted small losses.

In mostly higher autos, BMW was up DM 2.20 at DM 183.50 and Daimler rose DM 3 to DM 317, while VW closed DM 1.70 down at DM 158.80.

Banks tended lower, with Commerzbank down DM 2.10 at DM 127.90 and Dresdner Bank DM 1.50 at DM 143.50.

In easier Stores, Karstadt fell DM 2 to DM 206, Neckermann DM 1 to DM 66, while Kaufhof and Horten both lost DM 1.50 to close at their day's lows of DM 172.50 and DM 140.00 respectively.

On the Domestic Bond market public authority loans posted gains and losses of as much as 0.50 points. The Bundesbank sold a net DM 3.7m worth of paper, after sales of DM 10.3m on Friday.

Mark Eurobonds were steady.

In options trading prices were steady on little changed turnover.

Brussels

Stocks fell again yesterday in moderate trading. An analyst said the current decline in the market is a reflection of the country's general economic crisis, not a reaction to a single event. Given the depressed state of the bourse, any rumour sets off considerable fluctuations in prices, according to the analyst.

Tokyo

Prices closed higher, recovering sharply from the morning's easing on revived bargain hunting in the belief that the market has bottomed out.

The Nikkei Dow Jones index gained 40.30 to 7,375.27, but trading was thin with volume 230m shares. The average lost 50.37 at the morning close, with many investors cautious about the further fall of the yen against the dollar and the tension in the Middle East, after opening higher on the relaxation in margin trading from yesterday. The Tokyo Stock Exchange index rose 1.64 to 548.06.

Victor Japan rose Y180 to a record Y3,530 on bargain hunting by Japanese trust funds, and Non-ferrous Metals, Oils and Coals rose in response to the Middle East tension.

After initial falls, Electricals, Precisions and other Blue Chips rallied sharply with TDK Electronic up Y150 to Y5,060. Sony Y40 to Y5,090, Canon Y70 to Y1,420, Olympus Y60 to Y1,570, Fuji Photo Y20 to Y1,550, Matsushita Electric Y30 to Y1,560 and Nippon Electric Y6 to Y760.

Hong Kong

Prices closed firmer, with the Hang Seng Index breaking through the 1,700 level again to close at 1,718.07 after a gain of 20.57 points.

Dealers attributed Monday's decline to a minor correction on profit-taking by small operators, while yesterday buying confidence returned.

Among the Blue Chips, Jardine Matheson led the rise with a gain of 60 cents to HK$25.70, Cheung Kong rose 75 cents to HK$32.50 and Hongkong Land 20 cents to HK$12.

Among other market leaders, Hongkong Bank put on 10 cents to HK$16.80, Hongkong Wharf 5 cents to HK$8.70, Hutchison Whampoa 10 cents to HK$20.10 and Swire Pacific "A" 20 cents to HK$20.20.

Elsewhere, Carrian Investments continued its firm trend with a gain of 30 cents to HK$10.70. China Light added 20 cents to HK$14.60, and Hang Lung Development 25 cents to HK$31.

Australia

Traders returned in bearish mood after Monday's holiday amid the conflicting influences of a stronger gold price and world oil glut.

The All Ordinaries index slipped 3.3 points to 711.7 under the weight of a 9.3 point fall in the Oil Index to 893.3.

Johannesburg

Gold shares closed firm in fairly active trading, buoyed by the steady bullion price.

Gains were small however, with heavyweights adding between 50 and 100 cents. Mining Financials were slightly firmer where changed. Platinums were mostly unchanged

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.83 (Discount of 28%)

BRAZIL

Indices

NEW YORK ACTIVE STOCKS

Jeremy Stone examines the progress and prospects of Brent Chemicals International

Maturity brings a profits slowdown

AT THE headquarters of Brent Chemicals International the entrance hall is dominated by a large map of the world. After 10 years of rapid growth—profits rose at a compound rate of 57 per cent—Brent has run out of the red string which stretches across its map, connecting each new subsidiary with the centre. The most recent acquisition, in Los Angeles, had to be marked *out this year with string of a* different shade.

This might have been an omen. In 1980, Brent failed for the first time in a decade to match the previous year's profits of £3.02m before tax. That is scarcely remarkable; quite a few juggernauts have been stopped in the UK during the last year. But for some while before that, Brent had been finding it more difficult each year to keep up with its own impressive growth record.

That growth record was rooted in the analysis of American-style speciality chemical businesses which the present chairman Mr Bill Cross arrived at in collaboration with his predecessor, Mr John Jones, before they took control of Brent in 1970.

The idea from which they worked was that instead of concentrating on a particular branch of chemistry, they would become able to sell a varied range of chemicals at comparatively high margins if they specialised in the improvement of customers' products or production processes by chemical methods. Their emphasis was on the use to which chemicals could be put rather than on the chemistry.

This has had the consequence that Brent's formulations are differentiated principally by the way they are tailored to specific uses. With some exceptions, the chemistry is not especially sophisticated. Indeed, many of Brent's products are fairly *simple blends, made up by* small sub-contractors. Brent's margins come from a careful study of the technical problems the customer is trying to solve, and the capacity to find ways of applying chemistry to them.

Brent's position enjoys some degree of protection simply because its combination of expertise in applied chemistry with detailed understanding of customer industries is difficult to acquire. And knowledge of the precise make-up of its formulations is carefully guarded.

As Bill Cross put it, "there is no profit in just selling drums of stuff." Brent has aimed, successfully, at exacting fairly high margins by marketing a package of technical services which happens to have a chemical base. Also, because it does little manufacturing itself, Brent conserves capital and avoids the dependence on high operating rates which makes chemical company profits so volatile.

Almost paradoxically, it is an important part of the marketing strategy that a customer should be tied to Brent through its own capital expenditure. Use of Brent's products often involves specially designed machinery supplied by Brent. The capital cost of Brent's "systems" is usually insignificant in relation to the customer's total investment, but the systems are such as to become integral to its plant.

Brent's in-place cleaning systems for breweries are a good example. They are literally plumbed into the brewing plant which they clean.

The investment in systems tends to lock the customer into buying chemicals from Brent. Although there is rarely a contractual compulsion—such as voiding warranties on the machine—use of other formulations would entail the loss of Brent's technical consultancy service (which is notionally free).

In 1970, Brent already had a range of products—marketed under the name "Ardrox"—which fitted this pattern quite well. The main Ardrox products were penetrant fluids, whose application to pieces of metal made it possible—using suitable inspection gear—to see very fine cracks. This version of non-destructive testing had become one of the principal ways of detecting defects in components of aircraft engines, undercarriages and frame. The range also included preparations for stripping and cleaning the surfaces to be inspected.

This product in itself had obvious growth potential. The testing of aircraft parts seemed bound to increase in step with air traffic, a prospect with which Brent had by turns enticed and disappointed the stock market ever since it was first floated in 1961. The company was also ripe for reorganisation, so that the product base could be made to generate much more cash—particularly when overseas agencies were replaced by subsidiaries. Once liquidity improved, takeovers would provide another means of expanding.

The first of the takeovers was Pyrene, bought from Chubb in 1973. It extended Brent in a logical way since Pyrene was the UK licensee for a range of surface treatments for metals, fitting in well with the Ardrox range and attracting the slogan "surface technology," which remained apposite when Brent acquired a French subsidiary — Pascalis — whose speciality is electroplating.

Each of the acquisitions *strengthened Brent's capacity to* grow organically, since the sales organisations could be unified and the capacity to develop new products broadened as new specialist staff were brought into the company.

By 1976, the supply of profitable niches in the "surface technology" sphere was becoming more limited. Exploitation of the developing product range in overseas markets was well under way, but not in itself sufficient to keep up the momentum. At that point, Brent took its first sizeable step outside the metal treatment area when it acquired Savilles Hydrological. Savilles gave Brent an entry to the market in chemical aids for the brewing industry manufacturing the finings used in brewing as well as chemicals and plant for cleaning and sanitising breweries.

Savilles quickly proved a good buy, at a price which represented a much lower-earnings multiple than Brent's own. In 1977 when currency movements and political uncertainties cut the value of Brent's overseas earnings, while strikes upset much of the UK metal-related business, Savilles performed so strongly that pre-tax profits still increased almost as fast as before. There was even a slight lift in the return on capital.

Since then, product diversification has been continued by way of further acquisitions. Schwarz, in the U.S., increased Brent's involvement in the brewing industry. Swale brought it *into* packaging and printing, specialising in inks which can be applied to packaging materials at high speed.

In 1980 a rights issue brought in £3.8m and Brent started hunting bigger game. The intention was to acquire a company in the U.S. which was sufficiently large to provide the group with a second centre of gravity, and a focal point for renewed growth.

The choice fell upon the Chemical Systems Division of the Stauffer Corporation, with sales of about $25m largely composed of chemicals for fabric care and associated dispensing systems. Brent had only a passing experience of textile chemicals (through Wyandotte), and CSD therefore offered Brent access to an additional customer industry as well as the enlarged American base it was looking for.

Almost immediately, Brent was able to complete the circle of products by purchasing Uresco, a Los Angeles-based company working in the non-destructive *testing field. The* combined cost of these purchases absorbed the funds left from the 1980 rights issue. The U.S. part of Ardrox has been combined with Uresco in California, and the tidying up was completed by putting Schwarz together with the ex-Stauffer operations in a single site at Stamford, Connecticut.

The reorganised U.S. subsidiaries are performing slightly above expectations, and were expected to make a small profit *after financing costs this year,* even before the boost given by a rising dollar. The timing of Brent's U.S. purchases is enviable.

To have a one-for-one rights issue during a year of static earnings was bound to torpedo Brent's record of growth in earnings per share. It does not explain the consistent slackening of profits growth over the past five years, or the parallel decline in return on capital.

The declining return on capital is explained by an increased need for fixed capital. According to Mr. Cross, a number of the businesses accumulated by Brent over the years have begun, in the last year or two, to need new plant. A particular instance is Schwarz, which was founded in 1880, and was housed in an "ancient" building when taken over.

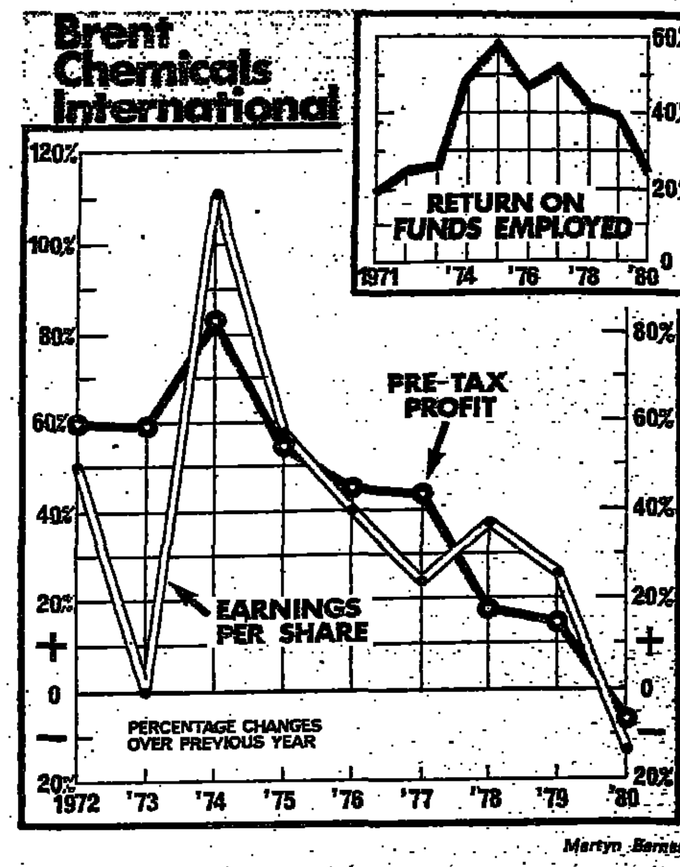
A second reason for higher fixed capital is that in the effort to penetrate new overseas markets, some of the newer outposts have had to tackle their own blending; the scale of operation at the start is sometimes too small for the local contract blenders to formulate the unusual mixtures required by Brent.

This difficulty can be transcended as a market grows, but by that time it is probably necessary to set up the business on a more substantial basis than the shoestring on which it began.

The deceleration of growth is partly due to the same causes as the falling rate of return. The phase of ultra-rapid growth, in the early 1970s, was when Brent was setting up its satellite companies (mainly Ardrox offshoots). Growth is easier from a very tiny base and some of these companies were small indeed.

The growth of profits also tends to be held back by the increasing cost of product development. To advance from a technology which is already well developed is apt to cost a lot more than marketing the initial bright idea. The running costs of product development are treated as a revenue item; only full-scale pilot plant is capitalised. An important (expensive) project which has yet to start repaying its development costs is AEOS, an optical electric device which should completely automate the process of crack inspection.

It seems unlikely that these changes can be reversed. Although the profits from AEOS, and from other developments such as a low-temperature dish-washing process introduced last year, should be considerable, their successors will probably have an equally expensive gestation. Brent looks to its American companies to repeat its own earlier growth pattern, but they are mature compared with the Brent of 10 years ago.



Martyn Barnes

APPOINTMENTS

New technology post at Plessey

Dr K. G. Warren has been made director of technology and strategic planning, corporate staff at the PLESSEY COMPANY. This is a new position which combines the roles of technology adviser to the chief executive office and the main board with the existing corporate staff appointment of director of strategic planning. Dr Warren will initially take up the appointment of director of technology, corporate staff, at Ilford on August 17, and will add to that the responsibility for strategic planning when Mr K. Fearnside, director of strategic planning, retires in November. Dr Warren is at present technical director of Plessey Office Systems Beeston.

★

Mr Desmond Pitcher, managing director of Plessey Telecommunications and Office Systems, has succeeded Mr W. D. Morton, managing director of General Electric Company Telecommunications, as the new president of the TELECOMMUNICATION ENGINEERING AND MANUFACTURING ASSOCIATION.

★

Mr W. M. Ritchie has been appointed managing director of JOHN DAVIS AND SON *(DERBY)*, member of the Doulton Engineering Group. He joins Davis of Derby from Wallacetown Engineering where he was managing director.

★

Mr Gerry Duffy, general manager, has been made a director of ROTEL HI FI.

★

Mr W. F. Eales has been appointed secretary of BUPA. He takes over from Dr D. L. Gullick who will continue as BUPA's executive medical adviser on a *full-time basis.* It is the expansion of the medical adviser's role that has necessitated the separation of the two offices. Mr Eales will also assume the Secretaryship of BUPA Hospitals.

★

Commodore A. H. Cooper, professional assistant to the International Hydrographic Bureau in Monaco and formerly Hydrographer to the Royal Australian Navy, has been elected president of THE HYDROGRAPHIC SOCIETY in succession to Rear Admiral Robert C. Munson.

★

Mr Norman Hirshfield has been appointed a non-executive director of MEREVALE PROPERTIES.

★

Mr L. E. Shadbolt (Howmedica International) has been elected president of the BRITISH DENTAL TRADE ASSOCIATION. The vice-president is Mr G. F. Baxter, Baxter's of Bradford and the treasurer, Mr W. M. Lee, Oral Plastics.

★

Mrs Helen Robinson has been appointed to the board of DEBENHAMS. She joined the company in 1975 with the newly created position of Group stylist.

★

Mr F. A. J. B. Everard has been appointed chairman of FRANK POWER (HOLDINGS) and Mr J. R. Brookes, Mr F. M. Everard, Mr W. D. Everard and Mr D. S. Harrison have become directors.

★

Mr Andrew Goodrick-Clarke, recently financial editor of The Times, has joined STREETS FINANCIAL and has been appointed a director.

★

BROADCAST DATA SER*VICES* has re-organised its company structure and management team. DCC International, the American sister company, now has 53 per cent of the shares, while the City-based Gordon and Gotch Computer Group has raised its stake to 47 per cent. The board is led by Mr P. J. Watts (chairman) with Mr G. K. Molyneaux as director and general manager. The remaining directors are Mr E. W. Carson, Gordon and Gotch; Mr Norfleet R. Turner, chairman of DCC; and *Mr. C. Morris, president of DCC* International.

★

Mr Charles W. Merritt, chairman of the board of COMMERCIAL METALS COMPANY, has retired. He will remain a member of the board of directors as chairman emeritus, and will serve the company in specific areas through a consulting arrangement.

★

Mr Joe Bradley has been appointed chief executive of the *TOWN AND COUNTRY BUILDING SOCIETY* from August 17. He is currently a general manager of the Nationwide Building Society. Mr Francis W. Vaughan Dale and Mr Leslie Pink, joint managing directors of Town and Country, and Mr Terence Morgan, general manager, will retire from executive duties in August but continue in office as directors and consultants.

★

Professor Bernard Atkinson has been appointed director of the BREWING RESEARCH FOUNDATION. He was head of the department of chemical engineering at the University of Manchester Institute of Science and Technology. Mr J. P. U. Burr, a director of Bass, has been elected chairman of the BRF council following the retirement of Mr F. O. A. G. Bennett, the former chairman of Whitbread and Co.

★

Mr Graham Wells has joined LILLY INDUSTRIES as director of marketing research and information.

★

Mr D. A. Alsop has been made a director of TEDDINGTON INDUSTRIAL EQUIPMENT, part of United Gas Industries.

★

Mr Geoffrey Jones has joined THORN EMI VIDEO PROGRAMMES as a producer/director. He will be working on specially made home video programmes to support the rapidly growing video cassette market and the VHD video disc launch in June 1982.

OVERSEAS

SINGLE BUOY MOORINGS INC., Fribourg, Switzerland, has made Mr J. E. Jansen managing director of the investments and administrative division. Mr Robert Smulders will replace him as managing director of the terminals and floating production division.

★

Mr Matt J. Hanke Jr. has been appointed assistant vice-president of RFC INTERMEDIARIES, INC.

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FINANCIAL TIMES Eurobond Quotations and Yields

The Association of International Bond Dealers

AT 31st MAY 1981

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 550 institutions from about 30 countries.

Eurobonds in May

BY OUR EUROMARKETS STAFF

MAY saw another new issue "window" for fixed interest dollar bonds. The amount of new issues was comparatively *small, but it demonstrated the* willingness of some borrowers to tap the market even though interest rates are at such high levels.

During the month prime rates in the U.S. again topped 20 per cent. The record 16 per cent coupon paid by Ford earlier this year no longer looks out of place.

The D-Mark sector was again in difficulty as only a third of the new issue calendar for May actually reached the market. At the monthly meeting of the major banks no new issues were scheduled for June.

Public issues on the Swiss Franc market showed signs of slowing down as the coupons for prime quality paper reached 7¾ per cent.

In total, $505m of new fixed interest eurodollar bonds was issued last month and all but a few of the issues included in this amount went fairly well.

Three of these issues were of a very short, three year, maturity. A $50m issue for Wells Fargo, through Morgan Stanley, and a $175m one for Citicorp, through CSFB and Citicorp, were launched within 24 hours of each other and offered investors a difficult choice. The Wells Fargo issue offered a yield 22 basis points higher than the Citicorp issue — both carrying coupons of 15½ per cent — although the Citicorp issue being larger in amount, would enjoy a more liquid secondary market.

This illustrates one of the current complaints of the eurobond dealing community. The majority of the new issues were of amounts less than $75m and, therefore, according to many managers, too small to attract institutional investors who prefer to buy into larger issues which have a better secondary market. The tendency to issue bonds with maturities no longer than five years did not really test the demand of the full spectrum of Euromarket investors. Fifteen-year paper was only available in the form of convertible bonds, mostly for Japanese names, and apart from one seven-year straight issue, for the City of Winnipeg, the only paper on offer with maturity between these two bands was floating rate notes, of which $625m was issued in May.

The German capital markets sub-committee's decision to schedule no new issues for June was inspired by different considerations than those which led to the closure of the market last year. That three-month stoppage of new issues which ended in February reflected the Bundesbank's wish to postpone capital exports.

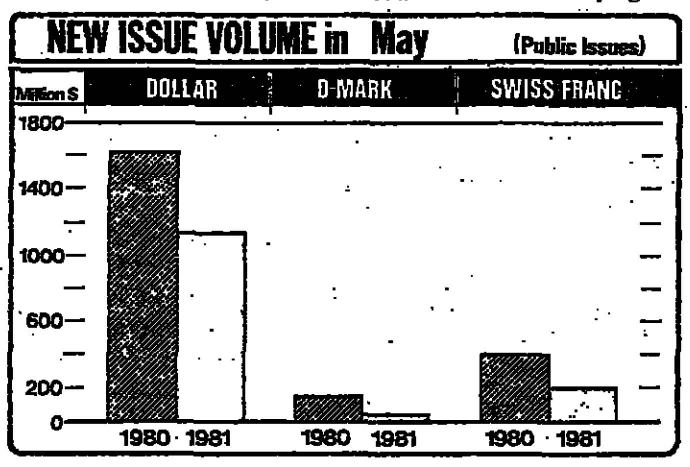
This time, however, the position of international interest rates would have made new issues very difficult. Domestic bonds yield more than foreign bonds and with short-term Euromark rates touching 13 per cent and a not altogether stable D-Mark, the market was unable to provide suitable conditions for borrowers.

Five issues on the May calendar were postponed, leaving only one bond, a DM 100m eight year issue for Belgelectric, actually in the market. The issue was a minor success, being fully covered, but not until it was priced at a one point discount. At the end of the month, the bonds were being quoted at 97 per cent.

In these times of high and volatile interest rates, the dollar market is still able to accommodate sporadic borrowing but since the beginning of this year only nine out of a scheduled 15 new D-Mark issues have successfuly made it to the primary market. The weakening of the D-Mark, especially against the U.S. dollar, is the main cause and until some stability returns to the currency markets, the situation is unlikely to improve.

Switzerland has not escaped the worldwide surge in interest rates but the fact remains that this is still the cheapest market for international borrowers. The currency weakened less against the dollar than other European currencies and this helped secondary market prices.

The type of investor who buys Swiss Franc bonds has changed radically since last year. The private investor has taken the place of the institutional investor in buying the majority of new issues and there were signs of this last month when two new issues were launched during the same week for different types of borrower. Private investors in Switzerland much prefer corporate names to those of supranationals and development banks and while Nippon Telephone and Telegraph (NTT) paid 7½ per cent for its ten year issue the Asian Development Bank had to pay 7¾ per cent for a similar issue which subsequently fell to a two point discount in the secondary market. The NTT issue at the same time traded at a one point premium.



French Franc denominated bonds fared poorly throughout May, mainly as a result of the victory of M Francois Mitterrand in the French Presidential elections. Yields of such paper rose by just over 2 percentage points over the month and are now the highest obtainable on any sector of the fixed interest Eurobond market. The weakness of the French currency stifled demand even for top-quality names which at the end of the month were yielding around 16½ per cent.

There were no new Eurosterling bonds in May, but there were three foreign ("Bulldog") bonds. One of these, for the Nissan Motor company, marked the debut of the convertible "Bulldog." The issue was fully covered.

The annual meeting of the Association of International Bond Dealers was held last month in Hamburg. The chairman, Mr. Rupert Hambro, responding to criticism from members, said he felt the new issue market could not be subjected to externally imposed regulations. Mr. Hambro welcomed the recent resistance of the underwriting community to accept co-management positions when they thought that the terms offered by the lead manager were too tight. A slight improvement has been seen in recent months resulting in more realistically priced issues, he said.

CONTENTS

The table of quotations and yields gives the latest rates available on May 31 1981. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY dataSTREAM International Ltd

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-ALGERIA			
25	1977 100.00	BQUE EXT D'ALGERIE 9.00 15/ 8/1982	88	21.08	10.23
		US DOLLARS-ARGENTINA			
50	1979 98.50	ARGENTINE REPUBLIC 9.875 1/ 8/1984	85 1/2	16.01	11.55
		US DOLLARS-AUSTRALIA			
30 3.5	1963 97.50	AUSTRALIA,COMMONWEALTH 5.00 1/ 4/1983 S	85	15.11 22.16	5.97
30 1.7	1962 98.25	AUSTRALIA,COMMONWEALTH 5.50 15/ 1/1982 S	93	21.72 29.23	6.00
30 2.5	1962 97.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 7/1982 S	91	15.27 23.91	6.14
25 2.1	1962 99.00	AUSTRALIA,COMMONWEALTH 5.50 1/10/1982 S	90	14.41 19.71	6.20
25 5.6	1965 98.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 5/1985 S	85	10.50 13.32	6.58
25 7.0	1965 99.75	AUSTRALIA,COMMONWEALTH 5.75 1/11/1985 S	83	10.95 14.78	7.05
25 7.8	1967 97.50	AUSTRALIA,COMMONWEALTH 6.50 15/ 6/1982	92	15.34 17.37	7.07
380	1977 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 9/1984	83	14.36	9.04
350	1978 100.00	AUSTRALIA,COMMONWEALTH 8.00 1/ 4/1982	93 3/8	17.01	8.57
125	1976 99.88	AUSTRALIA,COMMONWEALTH 8.125 15/11/1983 S	87 1/4	14.98	9.53
120	1976 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/10/1983	87 5/8	14.82	9.42
125	1977 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/12/1984 S	83 3/4	14.82	10.09
150 150.0	1977 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/ 9/1992	70 7/8	13.38 15.14	11.64
175	1978 100.00	AUSTRALIA,COMMONWEALTH 8.45 1/ 6/1983 S	90 1/8	14.79	9.60
120	1976 100.00	AUSTRALIA,COMMONWEALTH 8.50 1/10/1986	81 5/8	13.52	10.41
50	1975 100.00	AUSTRALIA,COMMONWEALTH 8.75 15/ 6/1983 S	89 3/4	15.27	9.99
50	1976 99.63	AUSTRALIA,COMMONWEALTH 8.75 1/ 6/1986 S	81	14.68	11.09
60 60.0	1976 99.50	AUSTRALIA,COMMONWEALTH 8.75 1/10/1991	77 7/8	12.69 14.28	11.24
100 100.0	1977 98.88	AUSTRALIA,COMMONWEALTH 8.875 1/12/1997 S	68 3/4	14.17 15.74	13.33
75 75.0	1976 99.50	AUSTRALIA,COMMONWEALTH 9.00 15/11/1996 S	70 1/4	14.14 16.00	13.22
75 75.0	1978 99.63	AUSTRALIA,COMMONWEALTH 9.125 1/ 6/1993 S	72 1/4	14.44 15.80	13.03
75 71.3	1976 98.50	AUSTRALIA,COMMONWEALTH 9.125 1/ 6/1996 S	72 7/8	13.80 15.32	12.91
25 13.5	1975 99.00	PAPUA NEW GUINEA,GOVT OF 9.50 15/ 3/1983	91 1/8	15.46 16.26	10.43
25	1977 100.50	ALCAN AUSTRALIA 8.50 15/ 4/1989	73 1/4	14.38	11.60
60	1979 100.00	ALCOA OF AUSTRALIA 10.00 15/ 6/1989	79 1/2	14.47	12.58
80	1980* 100.00	ALCOA OF AUSTRALIA 12.00 15/ 1/1988	86 7/8	15.23	13.81
50	1981* 92.00	ALCOA OF AUSTRALIA 13.50 15/ 4/1991	91 1/2	15.20	14.75
25 6.3	1974 100.00	AUSTRALIAN IND DEV CORP 10.25 1/12/1981	95	21.13	10.79
40 38.2	1977 100.00	AUSTRALIAN MIN & SMELT'G 9.25 15/ 6/1992	73 7/8	14.03 15.12	12.52
10	1977 100.50	AUSTRALIAN RESOURCES 8.25 1/12/1982	89	17.00	9.27
30 22.8	1975 100.00	AUSTRALIAN RESOURCES 9.50 1/ 3/1983	89 7/8	16.51 16.76	10.57
30	1979 99.50	AUSTRALIAN RESOURCES 9.625 1/ 3/1984	86 3/4	15.15	11.10
30	1980* 99.50	AUSTRALIAN RESOURCES 12.00 1/11/1983	93 3/8	15.37	12.85
30	1981* 95.75	AUSTRALIAN RESOURCES 13.00 27/ 3/1986	93 5/8	14.91	13.89
30	1977 99.50	BROKEN HILL PROPS 8.00 1/ 4/1985	81 1/4	14.71	9.85
30 30.0	1977 99.00	BROKEN HILL PROPS 8.25 1/ 4/1989	73 3/4	13.95 14.94	11.19
20 14.7	1975 98.50	BROKEN HILL PROPS 10.00 1/ 5/1990	82 1/2	13.71 14.62	12.27
20 11.0	1970 98.50	COMALCO INV EUROPE 9.50 1/11/1985	84 1/2	14.43 17.34	11.24
25 16.5	1975 100.00	COMALCO LTD 10.00 1/ 4/1987	85 1/2	13.75 14.65	11.70
40 40.0	1979 100.00	COMALCO INV EUROPE 10.25 15/ 7/1991	77 7/8	14.54 15.53	13.16
40 32.8	1976 100.00	HAMERSLEY HOLDINGS 8.50 1/ 1/1984	86 7/8	14.91 15.34	9.78
40 37.0	1976 100.00	HAMERSLEY HOLDINGS 9.50 1/ 1/1992	74 1/4	14.34 13.36	12.79
25 18.8	1972 100.00	HAMERSLEY IRON FIN 8.00 15/11/1987	74 1/2	14.27 17.40	10.74
20 10.5	1971 99.50	HAMERSLEY IRON FIN 9.00 1/ 5/1986	82 1/2	14.16 16.52	10.91
20 10.0	1970 97.00	HAMERSLEY IRON FIN 9.50 1/ 9/1985	87 1/2	13.51 16.06	10.86
35 26.6	1975 100.00	HAMERSLEY IRON FIN 10.00 1/ 6/1982	93	18.23 18.67	10.75
23 20.3	1972 99.75	K MART(AUST)PROPERTY E02 7.75 15/ 9/1984	81	15.49 15.77	9.57
36 34.2	1976 99.50	K MART(AUST)FIN E02 9.00 1/10/1986	80 1/2	14.49 14.96	11.18
23 14.5	1971 100.00	MOUNT ISA FIN 8.75 15/11/1986	79 1/2	14.38 17.06	11.01
10	1976 100.00	THE INTL FIN WW 9.00 1/ 7/1983	134		6.72
30	1976 100.00	THE INTL FIN XW 9.00 1/ 7/1983	86	17.53	10.47

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-AUSTRALIA (CONTINUED)			
20 20.0	1977 100.00	THE OVERSEAS FIN 9.00 15/ 8/1987	76	15.21 17.32	11.84
50 46.9	1977 100.00	WESTERN MINING CORP 9.00 15/10/1992	70 1/2	14.39 15.38	12.77
15 10.5	1975 99.00	WESTERN MINING CORP 9.75 1/ 5/1982	93	18.62	10.48
		US DOLLARS-AUSTRIA			
18 3.6	1964 99.00	AUSTRIA,REPUBLIC OF 6.00 31/ 1/1984 S	92 1/8	9.62 11.61	6.62
23 2.2	1967 98.50	AUSTRIA,REPUBLIC OF 6.75 15/ 3/1982 S	92 3/4	17.54	7.41
50	1977 100.00	AUSTRIA,REPUBLIC OF 7.80 15/ 7/1984 S	84	14.83	9.50
50 30.0	1977 100.00	AUSTRIA,REPUBLIC OF 8.625 15/ 7/1992 S	73	13.79 15.81	12.16
50 39.0	1976 100.00	AUSTRIA,REPUBLIC OF 8.75 15/ 8/1990	74 1/4	11.85 14.44	11.78
50	1975 100.00	AUSTRIA,REPUBLIC OF 9.00 15/ 7/1982 S	93 1/4	16.35	9.88
12 3.2	1965 97.00	ALPINE MONTAN STEEL 5.75 15/ 6/1985	87 1/2	9.62 12.74	6.57
15 3.4	1966 96.50	AUSTRIAN ELECTRICITY 6.625 1/ 7/1986 S	97 3/4	7.29 7.74	6.89
18 2.8	1967 96.50	AUSTRIAN ELECTRICITY 6.75 1/10/1982 S	97 3/4	8.73 9.81	7.02
50	1977 100.50	OSTERREICHE KONTROLLBANK 7.50 1/10/1982	90 1/4	16.05	8.31
50	1976 100.00	OSTERREICHE KONTROLLBANK 8.00 1/10/1981 S	97 1/2	16.38	8.37
79	1980* 98.50	OSTERREICHE KONTROLLBK 10.00 15/ 7/1985	85 1/4	15.02	11.73
30 30.0	1977 100.50	TAUERNAUTOBAHN 8.25 15/ 3/1987	78	14.03 15.67	10.58
		US DOLLARS-BELGIUM			
75 75.0	1973 100.00	MARINA B.V. WW 4.50 1/ 7/1988	75 1/2	9.58 11.55	5.96
75 75.0	1973 100.00	MARINA B.V. XW 4.50 1/ 7/1988	69 1/2	10.89 13.73	6.47
40	1977 99.50	MARINA B.V. P 7.875 15/ 9/1984	82 3/8	15.46	9.68
40 40.0	1977 99.00	MARINA B.V. 8.00 1/ 9/1987	73 1/4	14.82 17.36	10.92
50	1976 100.50	SOC NAT DE CREDIT IND P 8.25 15/10/1981	96 1/2	18.17	8.55
15	1977 100.00	SOLVAY FINANCE 7.75 1/ 3/1984	83	14.71	9.12
		US DOLLARS-BOLIVIA			
35	1977 100.00	BOLIVIA,REPUBLIC OF E87 10.25 15/ 4/1982 S	90 1/4	24.41	11.68
		US DOLLARS-BRAZIL			
35 18.5	1972 99.50	BRAZIL,REPUBLIC OF 8.15 1/12/1987 S	75 3/4	14.33 19.33	11.19
85	1977 100.00	BRAZIL,REPUBLIC OF 9.00 1/ 8/1982 S	90	19.75	10.25
75	1976 99.00	BRAZIL,REPUBLIC OF 9.25 1/ 1/1984	83 5/8	17.56	11.06
50	1976 100.00	BRAZIL,REPUBLIC OF 10.00 15/ 3/1986 S	67	22.13	15.48
50	1977 99.00	BANCO NAC DO DESEN ECON 9.25 1/ 7/1984	81 1/2	17.47	11.35
50	1977 100.00	LIGHT-SERVICOS DE ELET 9.00 1/10/1982	91	16.92	9.89
		US DOLLARS-CANADA			
250	1978 100.20	CANADA 8.00 1/ 4/1983 S	89 3/4	15.06	9.11
250	1978 100.00	CANADA 8.20 1/10/1983 S	81 7/8	14.37	10.27
250	1978 99.75	CANADA 8.625 1/ 4/1998 S	67 5/8	14.01	13.16
400	1978 100.00	CANADA 9.00 15/10/1983 S	89 5/8	14.79	10.29
350	1978 100.00	CANADA 9.25 15/10/1998 S	70 3/4	14.17	13.50
30 41.7	1976 100.50	ALUMINUM CO OF CANADA 9.50 15/ 4/1988	80 1/2	14.09 15.19	11.80
30	1979 99.50	AQUITAINE CO CANADA 11.25 15/ 1/1985	88 3/8	15.61	12.73
20 17.6	1976 100.00	AVCO FIN SERV-CANADA 9.25 15/ 9/1983	87	16.42 21.85	10.63
100	1981* 99.50	BANK OF MONTREAL 14.25 6/ 5/1986	97 3/8	15.02	14.63
25	1981* 99.50	BANK OF NOVA SCOTIA 15.50 15/ 6/1986	98 1/2	15.94	15.74
100	1977 100.00	BELL-CANADA 7.75 1/ 5/1987	74 1/2	14.43 15.34	10.40
60	1976 100.75	BELL-CANADA 8.75 15/ 7/1986	81	14.19	10.80
200	1976 99.25	BELL-CANADA 8.75 1/ 4/2006 S	59 7/8	15.45	15.15
200	1978 100.00	BELL-CANADA 9.00 15/ 1/2008 S	62 3/8	15.17	14.95
50	1980 100.00	BM-RT 13.25 15/ 5/1985	94 3/4	15.09	13.98
20 14.5	1972 100.00	BRASCAN INT 8.25 1/10/1987	78	13.82 16.87	10.58
30	1976 100.00	BRASCAN INT 9.75 1/ 5/1982	92 1/4	19.66	10.57
75	1977 100.00	BRITISH COLUMBIA HYDRO 7.75 15/ 3/1985	79 7/8	14.82	9.70
250	1975 99.75	BRITISH COLUMBIA HYDRO 9.625 1/ 6/2005 S	68 3/4	14.75	14.49
30	1976 98.50	BUDD AUTO CO OF CANADA 9.50 15/ 4/1983	85	19.76	11.18
70	1978 99.00	CANADA 8.50 15/ 6/1985	88 3/4	15.30	9.58

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-CANADA (CONTINUED)			
185	1981* 100.00	CANADIAN IMP BK COMMERCE 14.50 26/ 3/1984	97 7/8	15.48	14.81
85	1976 100.00	CANADIAN NAT RAIL CO 8.375 15/11/1986	78	14.43	10.74
150 150.0	1979 99.75	CANADIAN NAT RAIL CO 9.70 15/ 7/2004 S	68 5/8	14.92 15.49	14.63
150 150.0	1981* 98.75	CANADIAN NAT RAIL CO 14.00 15/ 1/2006 S	92 1/4	15.78 15.87	15.75
40 31.9	1977 100.50	CANADIAN PACIFIC-BERMUDA 8.25 1/ 7/1984	90 1/8	12.26 13.01	9.15
50 47.5	1979 100.00	CANADIAN PACIFIC LTD 9.75 15/ 5/1989	83 1/4	13.28 13.53	11.71
25 22.0	1977 99.50	CONSOLIDATED - BATHURST 9.00 1/10/1992	68	15.01 16.23	13.24
50 50.0	1979 98.50	DOME PETROLEUM 10.00 15/ 7/1994	76 5/8	13.97 14.54	13.05
50	1980 99.00	DOME PETROLEUM 13.50 1/ 5/1992	94 3/4	14.47	14.25
25	1978 99.00	DOMINION BRIDGE CO 9.00 15/ 6/1986	76 3/4	16.06	11.73
30	1979 100.50	DOMINION BRIDGE CO 10.25 15/ 6/1986	87 3/4	13.59	11.68
65	1981* 99.00	DUPONT CANADA INC 13.50 15/ 2/1991	95	14.45	14.21
50	1981* 99.50	ELDORADO NUCLEAR 13.25 15/ 3/1986	93 5/8	15.17	14.15
125	1978 100.00	EXPORT DEVELOPMENT CORP 8.60 15/ 8/1983 S	89 1/4	14.95	9.87
150	1979 100.00	EXPORT DEVELOPMENT CORP 9.85 15/ 1/1984 S	90 1/8	15.01	11.23
100	1979 99.50	EXPORT DEVELOPMENT CORP 9.25 1/ 3/1984	87 1/4	15.20	10.60
150	1980* 100.00	EXPORT DEVELOPMENT CORP 9.50 15/ 1/1986	81 7/8	15.18	11.60
150	1979 100.00	EXPORT DEVELOPMENT CORP 9.75 1/ 9/1984	86 3/4	15.15	11.24
100	1980 100.00	EXPORT DEVELOPMENT CORP 12.75 15/ 5/1987	92 3/8	14.75	13.80
250	1980 100.00	EXPORT DEVELOPMENT CORP 14.00 15/ 3/1985 S	98 5/8	14.99	14.70
250	1981* 99.67	EXPORT DEVELOPMENT CORP 14.125 1/ 3/1988 S	99	14.86	14.78
25	1980 100.00	FEDERAL BUSINESS DEV BK 12.25 15/ 5/1985	92 1/4	14.97	13.28
50	1980* 100.00	FEDERAL BUSINESS DEV BK 12.25 15/11/1985	91 3/4	14.84	13.35
40	1981* 99.75	FEDERAL BUSINESS DEV BK 15.75 15/ 6/1984	100 1/2	15.51	15.67
25	1975 100.00	GENSTAR 10.00 15/11/1981	95 1/8	21.60	10.51
50 50.0	1979 98.50	GENSTAR 10.00 1/ 6/1989	79 5/8	14.46 14.77	12.56
50 50.0	1981* 99.00	GENSTAR 14.75 15/ 4/1991	98 1/2	15.03 15.07	14.97
20 18.0	1977 100.00	GREAT LAKES PAPER CO 8.75 1/ 3/1986	82	17.46 18.87	10.67
25 22.0	1976 100.50	HOME OIL CO 9.50 1/ 7/1986	78 1/2	15.97 16.37	12.10
50 50.0	1979 101.00	HUDSON'S BAY 10.00 15/ 2/1994	74 7/8	14.39 15.40	13.36
75	1980* 101.00	HUDSON'S BAY 11.50 15/ 6/1990	83 7/8	14.85	13.71
50	1980* 100.00	IBM CANADA 10.50 1/ 7/1985	94 7/8	12.15	11.07
250 250.0	1979 99.81	IMPERIAL OIL LTD 9.75 15/ 9/2009 S	67 3/8	15.13 15.50	14.99
50	1977 100.00	INCO 8.25 15/12/1984	83 1/8	14.63	9.92
100	1977 100.00	INCO 9.00 15/12/1992	69 7/8	14.50	12.88
45	1976 100.00	ISE CANADIAN FINANCE 9.00 1/ 5/1982	92 5/8	18.34	9.72
35	1976 100.00	ISE CANADIAN FINANCE 9.50 1/ 5/1986	79 1/2	15.78	11.95
50 44.2	1977 100.00	MACMILLAN BLOEDEL 9.00 1/ 2/1992	69 1/2	14.84 15.54	12.95
50 45.1	1978 99.25	MACMILLAN BLOEDEL 9.25 15/ 3/1993	69 1/2	14.86 15.65	13.31
125	1976 99.50	MANITOBA HYDRO-ELECTRIC 9.25 30/ 6/2001 S	64	15.50	14.98
100	1974 99.75	MANITOBA HYDRO-ELECTRIC 9.25 15/ 6/2004 S	64 7/8	15.11	14.77
50	1976 100.00	MANITOBA,PROVINCE OF 8.75 15/ 4/1983	90 3/4	14.70	9.64
15 12.0	1975 99.50	MANITOBA,PROVINCE OF 9.25 30/ 4/1985	89	12.99 15.05	10.39
75	1979 99.00	MANITOBA,PROVINCE OF 9.50 15/ 3/1989	77 3/8	14.51	12.28
20 5.0	1970 100.00	MASSEY-FERGUSON HED N.V. 9.00 15/ 1/1982	88 3/4	30.78	10.14
75	1976 100.00	MASSEY-FERGUSON HED N.V. 9.50 1/ 6/1991	55	20.36	17.27
40 28.5	1975 100.50	MASSEY-FERGUSON HED N.V. 9.75 1/ 7/1982	82 1/2	30.89 32.42	11.82
15 4.8	1970 100.00	MONTREAL,CITY OF 9.00 1/ 2/1985	86	14.09 17.24	10.47
50	1976 100.00	MONTREAL,CITY OF 9.25 15/ 2/1983	92 1/4	14.60	10.03
50	1975 100.00	MONTREAL,CITY OF 9.75 1/12/1981	96 3/8	17.41	10.12
58	1980* 100.00	MONTREAL,CITY OF 10.25 15/ 7/1987	81 1/4	15.16	12.62
65 35.5	1975 100.00	MONTREAL URBAN COMM E82 10.875 1/10/2000 S	94	13.61 14.01	13.37
40 30.0	1976 100.00	NEW BRUNSWICK E.P.COMM 9.00 15/ 1/1983	92 5/8	14.29 14.43	9.72
75 68.0	1979 99.50	NEW BRUNSWICK E.P.COMM 9.75 1/ 3/1994	73 7/8	14.29 14.99	13.20
100	1981* 97.75	NEW BRUNSWICK E.P.COMM 15.00 1/ 5/1991 S	101	15.35	15.40

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-CANADA (CONTINUED)			
50	1977 99.50	NEW BRUNSWICK,PROV OF 8.00 15/ 7/1984	83 1/8	15.14	9.62
35	1976 100.75	NEW BRUNSWICK,PROV OF 8.75 1/ 8/1983	89 3/8	14.77	9.79
75	1979 99.32	NEW BRUNSWICK,PROV OF 10.125 15/ 1/2004 S	70	15.26	14.59
25	1976 100.00	NEWFOUNDLAND & LAB HYDRO 9.75 15/ 3/1986	81 3/4	15.37	11.93
35	1976 100.50	NEWFOUNDLAND MUN FIN 9.25 15/ 9/1988	74 3/4	15.17	12.37
20 10.0	1971 99.50	NEWFOUNDLAND,PROVINCE OF 8.50 2/ 3/1986	82 3/4	13.63 16.75	10.27
30	1977 100.50	NEWFOUNDLAND,PROVINCE OF 9.00 15/ 2/1989	73 5/8	14.96	12.22
75	1977 100.00	NEWFOUNDLAND,PROVINCE OF 9.125 1/ 9/2002 S	63 3/8	15.37	14.92
50	1978 100.50	NEWFOUNDLAND,PROVINCE OF 9.25 1/ 6/1990	75 1/4	14.31	12.29
30	1979 99.50	NEWFOUNDLAND,PROVINCE OF 10.00 15/ 3/1994	79 7/8	13.35	12.52
50	1976 100.00	NEWFOUNDLAND,PROVINCE OF 10.00 1/ 8/2001 S	64 1/8	16.64	16.20
60 60.0	1981* 99.00	NEWFOUNDLAND,PROVINCE OF 13.50 1/ 2/1990	92 1/8	15.15 15.42	14.65
75 72.8	1978 99.00	NOVA SCOTIA POWER 9.625 1/ 6/2008 S	65	15.53 15.77	15.36
50 45.8	1979 99.50	NOVA SCOTIA POWER 9.75 15/ 5/1989	78	14.60 15.36	12.50
15 6.0	1970 100.00	NOVA SCOTIA,PROVINCE OF 9.00 15/ 5/1985	91	11.98 13.60	9.89
50 30.0	1980* 99.25	NOVA SCOTIA,PROVINCE OF 10.75 15/ 7/1990	80 7/8	14.67 15.14	13.29
125	1977 100.50	ONTARIO HYDRO 8.00 15/ 4/1987	75 7/8	14.33	10.54
75	1976 99.50	ONTARIO HYDRO 8.25 27/ 5/1983	88 3/8	15.46	9.34
35 17.5	1971 100.00	ONTARIO HYDRO-ELECTRIC 8.25 15/ 1/1986	87 1/8	12.00 14.41	9.47
125	1978 99.50	ONTARIO HYDRO 8.50 1/ 6/1985	82 1/2	14.57	10.30
100	1976 99.50	ONTARIO HYDRO 8.50 10/ 9/1986	78 7/8	14.46	10.78
75	1976 99.50	ONTARIO HYDRO 9.00 2/ 1/1983	92 1/4	14.70	9.76
100	1981* 100.00	ONTARIO HYDRO 13.50 26/ 2/1991	94 1/4	14.61	14.32
125	1975 100.00	ONTARIO,PROVINCE OF 8.20 15/ 6/1982 S	92 1/4	17.26	9.09
100	1975 100.00	ONTARIO,PROVINCE OF 8.40 15/11/1985 S	80 1/2	15.02	10.71
250	1977 100.00	ONTARIO,PROVINCE OF 8.75 5/ 1/2008 S	59 1/8	15.58	15.35
150	1975 99.50	ONTARIO,PROVINCE OF 9.125 15/ 6/2005 S	66 7/8	14.41	14.11
75	1970 100.00	ONTARIO,PROVINCE OF 9.25 1/ 8/2000 S	66 3/8	14.99	14.42
200	1975 99.50	ONTARIO,PROVINCE OF 9.25 15/11/2005 S	66	14.78	14.51
200	1978 100.00	ONTARIO,PROVINCE OF 9.375 1/ 6/2008 S	67 1/8	14.66	14.45
250	1978 99.08	ONTARIO,PROVINCE OF 9.375 30/11/2008 S	65 3/8	15.03	14.85
300	1979 99.25	ONTARIO,PROVINCE OF 9.75 1/ 3/2009 S	70	14.56	14.41
300	1979 99.50	ONTARIO,PROVINCE OF 9.875 20/ 9/2009 S	68 1/4	15.12	14.99
25 22.8	1975 98.50	OTTAWA-CARLETON 9.50 15/ 3/1990	78 3/4	13.80 16.15	12.06
50	1976 100.00	POLYSAR 9.50 15/12/1986	79 1/2	15.18	11.95
30	1975 100.00	POLYSAR LTD 10.00 15/ 1/1982	93	22.74	10.75
10 5.6	1970 99.25	QUEBEC,CITY OF 9.00 1/ 4/1982 S	89	25.65	10.37
20 10.6	1971 97.00	QUEBEC HYDRO-ELECTRIC 8.25 15/ 3/1986	86 1/4	12.18 13.60	9.57
25 18.8	1971 100.00	QUEBEC HYDRO-ELECTRIC 15W 8.50 15/11/1986	86 1/4	12.03 13.51	9.86
125	1976 100.00	QUEBEC HYDRO-ELECTRIC XW 8.50 1/11/1986	76 3/8	15.15	11.13
30 25.0	1974 98.50	QUEBEC HYDRO-ELECTRIC 8.50 1/ 2/1989	75 1/4	13.92 15.06	11.30
250	1976 100.00	QUEBEC HYDRO-ELECTRIC 8.60 15/ 9/2006 S	59 7/8	15.17	14.88
125	1977 100.00	QUEBEC HYDRO 9.00 1/ 8/1992	69 3/8	14.73	12.97
15 6.9	1970 99.50	QUEBEC HYDRO-ELECTRIC 9.25 1/10/1985	88	13.00 15.69	10.51
50	1978 99.50	QUEBEC HYDRO 9.50 1/ 7/1993	74 5/8	13.95	12.73
200	1975 99.00	QUEBEC HYDRO 9.75 1/ 8/2005 S	66 1/2	15.45	15.20
75	1979 99.00	QUEBEC HYDRO 10.00 15/ 3/1999	72 5/8	14.30	13.77
100	1978 99.75	QUEBEC HYDRO-ELECTRIC 10.00 15/ 7/2008 S	68 1/8	15.37	15.22
200	1979 100.00	QUEBEC HYDRO 10.00 1/ 2/2009 S	66 3/8	15.77	15.63
200	1979 100.00	QUEBEC HYDRO 10.125 15/ 6/2009 S	67 3/8	15.72	15.59
250	1980* 99.38	QUEBEC HYDRO 10.75 15/ 6/2010 S	72	15.58	15.49
200	1979 98.75	QUEBEC HYDRO E86 11.25 15/10/2009 S	85 3/8	13.67	13.61
100	1980* 100.00	QUEBEC HYDRO 11.50 15/ 6/1992	81 1/8	15.11	14.18
200	1980 100.00	QUEBEC HYDRO 12.50 1/ 2/1985 S	93 5/8	15.34	13.80
200	1980* 100.00	QUEBEC HYDRO 12.50 15/10/1987 S	90 1/4	15.67	14.33

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		US DOLLARS-CANADA (CONTINUED)			
100	1981* 100.00	QUEBEC HYDRO WW 13.00 1/ 2/1991	89 1/8	15.17	14.59
100	1981* 100.00	QUEBEC HYDRO XW 13.00 1/ 2/1991	89	15.20	14.61
150	1980* 98.50	QUEBEC HYDRO 13.25 15/10/2010 S	89 1/2	15.37	15.35
30 24.0	1973 99.00	QUEBEC,PROVINCE OF 7.50 15/ 1/1988	67 3/4	15.62 18.00	11.07
75	1976 100.00	QUEBEC,PROVINCE OF 9.00 15/ 1/1983	92 3/4	14.19	9.70
30	1976 100.00	QUEBEC,PROVINCE OF 9.00 1/ 4/1984	87 5/8	14.59	10.27
15 5.1	1970 100.00	QUEBEC,PROVINCE OF 9.00 1/ 3/1985	87 3/8	13.86 15.00	10.30
60 51.8	1977 99.00	QUEBEC,PROVINCE OF 9.00 1/11/1995	75	12.88 13.48	12.00
150	1974 100.00	QUEBEC,PROVINCE OF 9.20 15/ 4/2006 S	62 1/4	15.68	15.33
100	1975 100.00	QUEBEC,PROVINCE OF 9.875 15/ 5/2000 S	67 3/4	15.63	15.11
15 13.5	1975 98.50	QUEBEC URBAN COMMUNITY 9.50 15/ 9/1982	91 1/2	17.23 18.00	10.38
25	1977 100.00	REDPATH INDUSTRIES 9.00 15/ 9/1989	64 1/4	17.43	14.01
100	1981* 100.00	ROYAL BANK OF CANADA 14.00 22/ 4/1986	97 1/2	14.73	14.36
50 50.0	1980* 100.00	ROYLEASE LTD 11.25 15/ 6/1985	88 3/8	15.38	12.73
75	1976 101.00	SASKATCHEWAN,PROVINCE OF 8.75 1/ 9/1986	79 1/8	14.69	11.06
125 121.3	1978 100.00	SASKATCHEWAN,PROVINCE OF 9.25 15/ 4/2008 S	64 3/8	15.08 15.21	14.89
60	1976 100.00	SHAGANK 9.00 15/ 2/1983	92 1/2	14.15	9.73
30	1981* 100.00	TORONTO-DOMINION BANK 14.00 15/ 4/1984	97	15.32	14.43
25	1981* 100.00	TORDOM CORP 15.50 15/ 6/1986	100 1/2	15.34	15.42
5	1976 100.00	VANCOUVER,CITY OF 8.25 30/ 9/1981	98 1/2	19.44	8.55
10	1976 100.00	VANCOUVER,CITY OF 8.75 30/ 9/1988	72 7/8	15.08	12.01
50	1981* 100.00	HIRAM WALKER HOLDINGS 16.00 1/ 6/1986	100	16.00	16.00
30	1980 99.50	GEORGE WESTON 13.50 1/ 6/1987	92 5/8	15.47	14.57
40	1977 100.50	WINNIPEG,CITY OF 8.25 15/ 5/1987	73 3/4	15.26	11.19
50	1981* 100.00	WINNIPEG,CITY OF 15.75 30/ 6/1988	100 7/8	15.52	15.61
		US DOLLARS-COLOMBIA			
20 11.3	1973 100.00	COLOMBIA,REPUBLIC OF 8.25 1/ 2/1988 S	75 1/4	14.58 18.55	11.26
		US DOLLARS-DENMARK			
25 5.1	1964 98.50	DENMARK,KINGDOM OF 5.50 3/ 4/1984	87 1/8	10.97 13.71	6.31
20 6.7	1965 99.00	DENMARK,KINGDOM OF 6.00 15/ 6/1985	91 1/4	8.65 11.00	6.58
25 4.3	1967 99.25	DENMARK,KINGDOM OF 6.75 1/ 9/1982	95 1/8	11.06 14.38	7.10
30 20.4	1972 98.00	DENMARK,KINGDOM OF 7.50 15/ 1/1990	69 1/8	13.82 16.49	10.85
100 96.0	1976 99.00	DENMARK,KINGDOM OF 8.50 1/10/1984	83	15.32 15.60	10.24
20 4.0	1970 100.00	DENMARK,KINGDOM OF 9.00 1/ 3/1982	96 1/8	14.62	9.36
20 9.5	1970 99.25	DENMARK,KINGDOM OF 9.25 1/12/1985	96 1/2	10.23 10.82	9.59
100	1980 99.50	DENMARK,KINGDOM OF 11.75 1/ 6/1990	82 7/8	15.39	14.18
100	1981* 100.00	DENMARK,KINGDOM OF 14.00 1/ 4/1988 S	96 5/8	15.33	15.01
15 5.3	1964 99.25	ASS MUNICIPAL - DENMARK 5.75 30/ 6/1984	84 3/8	12.10 17.47	6.81
15 7.6	1971 98.50	CARLSBERG-TUBORG 8.75 1/ 4/1986	91 1/8	11.21 12.50	9.60
10 8.0	1977 100.00	CO-OP DENMARK 8.625 15/10/1984	82 3/8	15.68 28.87	10.47
15 3.0	1965 99.50	COPENHAGEN,CITY OF 6.00 16/11/1985	91	8.49 10.28	6.59
25 7.5	1967 99.00	COPENHAGEN,CITY OF 6.50 15/ 4/1987	89 3/4	8.80 10.25	7.24
12 4.5	1969 97.75	COPENHAGEN,CITY OF 8.00 15/ 9/1984	94 1/2	10.01 11.27	8.47
15 7.5	1970 98.00	COPENHAGEN,CITY OF 9.00 1/10/1985	94 3/8	10.66 11.50	9.54
15 11.8	1972 97.50	COPENHAGEN COUNTY AUTH 7.75 15/ 2/1987	77	12.80 16.75	10.06
25	1977 100.00	COPENHAGEN HANDELSBANK 8.00 18/ 1/1982	94 1/2	17.61	8.47
12 2.4	1964 99.50	COPENHAGEN TELEPHONE 5.75 12/ 2/1984	92 1/4	9.09 10.94	6.23
15 4.0	1964 100.00	COPENHAGEN TELEPHONE 5.75 1/ 7/1984	92 1/2	8.61 11.19	6.22
10 2.0	1967 98.00	COPENHAGEN TELEPHONE 6.75 15/10/1982	93 7/8	11.75 14.68	7.19
10 3.4	1966 98.75	COPENHAGEN TELEPHONE 6.75 1/ 4/1986	89 3/8	9.58 11.29	7.55
15 7.1	1971 100.00	COPENHAGEN TELEPHONE 8.50 1/ 2/1986	92 1/2	10.59 11.80	9.19
10 3.8	1970 100.00	COPENHAGEN TELEPHONE 9.00 15/ 4/1985	95 1/8	10.58 11.41	9.46
25	1977 100.00	DEN DANSKE PROVINSBANKEN 8.25 15/ 7/1982	91 3/8	17.23	9.03
25	1978 99.38	ELSAM -JUTLAND FUNEN E C 9.00 15/ 3/1985	80	16.46	11.25
10 3.1	1964 98.75	JUTLAND-FUNEN ELECTRIC 5.75 15/ 9/1984	84 3/4	11.55 16.21	6.78

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		US DOLLARS-DENMARK (CONTINUED)			
10 2.0	1964 98.75	JUTLAND TELEPHONE 5.75 1/ 3/1984 S	97 1/2	9.78 11.69	6.45
5 1.0	1966 88.00	JUTLAND TELEPHONE 5.75 1/ 5/1986 S	91	9.53 11.36	6.42
12 2.4	1964 99.00	MORTGAGE BANK OF DENMARK 5.625 15/ 3/1984 S	94 3/4	7.90 9.04	6.02
12 3.4	1966 96.50	MORTGAGE BANK OF DENMARK 6.25 15/ 1/1986	94 1/4	7.75 8.73	6.63
12 1.0	1967 97.00	MORTGAGE BANK OF DENMARK 6.75 28/ 2/1982	94 3/8	15.13	7.15
25 21.0	1972 97.50	MORTGAGE BANK OF DENMARK 7.50 1/ 1/1991	67 3/4	13.72 16.33	11.07
50	1976 99.00	MORTGAGE BANK OF DENMARK 9.00 1/ 4/1983	90 1/8	15.32	9.99
30	1977 100.00	PRIVATBANKEN 8.00 15/ 4/1984	81 1/8	16.76	9.86
20 20.0	1978 100.00	F L SMIDTH 9.50 1/ 7/1988 S	76 1/2	15.35 19.62	12.80
25	1977 100.00	SPARKASSEN SDS 8.25 15/ 3/1982	92 5/8	18.59	8.91
		US DOLLARS-FINLAND			
50	1976 99.70	FINLAND,REPUBLIC OF 7.875 15/12/1981 S	95 3/8	17.83	8.45
100	1978 99.40	FINLAND,REPUBLIC OF 8.75 15/ 6/1983 S	86 7/8	15.87	10.09
50 50.0	1977 98.35	FINLAND,REPUBLIC OF 8.75 15/10/1992 S	67 5/8	15.22 17.59	13.56
100	1978 99.65	FINLAND,REPUBLIC OF 9.00 15/ 9/1988 S	74 1/2	15.38	12.65
100	1979 99.50	FINLAND,REPUBLIC OF 9.50 15/ 3/1986	80 1/8	15.66	11.86
100	1979 100.00	FINLAND,REPUBLIC OF 9.625 1/ 7/1989 S	75 3/4	15.42	13.11
30	1977 100.00	ENSO-GUTZEIT 8.25 15/ 2/1984	83 5/8	16.11	9.87
20	1975 99.00	ENSO-GUTZEIT 9.75 5/ 5/1982	94 1/4	16.46	10.34
50	1980* 100.00	FINNISH EXPORT CREDIT 10.50 1/ 7/1985	84 1/4	16.02	12.46
15 10.0	1972 99.50	FINNISH MUNICIPAL LOAN 8.25 15/ 3/1987	78 3/4	13.79 16.45	10.48
15 12.0	1974 98.00	FINNISH MUNICIPAL LOAN 8.75 1/ 2/1989	77 7/8	13.53 14.94	11.24
15 7.0	1971 99.50	HELSINKI,CITY OF 8.75 15/11/1986 S	86 1/2	12.58 14.57	10.37
20 15.0	1972 100.50	IND MTGE BANK OF FINLAND 8.00 15/12/1987	78 7/8	13.51 15.28	10.41
25 25.0	1977 100.00	INDUST FUND OF FINLAND 8.25 18/ 9/1987	77 3/4	13.72 18.06	10.61
25 1.0	1976 100.00	INDUST FUND OF FINLAND 9.00 18/ 9/1984	93 3/4	11.33 13.10	9.60
15 7.5	1971 98.00	MORTGAGE BANK OF FINLAND 8.50 15/ 2/1986 S	86	12.91 13.51	10.13
20 13.0	1976 100.00	MORTGAGE BANK OF FINLAND 9.25 1/ 4/1983	90 3/4	15.34 16.99	10.19
20 14.0	1975 99.00	MORTGAGE BANK OF FINLAND 9.75 15/10/1981	97 1/2	16.59	10.00
15 7.9	1971 98.50	PEKEMA OY 8.75 1/12/1986	85 1/2	12.32 14.36	10.23
15 12.2	1976 100.00	RAUTARUUKKI OY 9.00 1/11/1983	86 1/2	16.07 16.62	10.40
25	1978 100.00	TVO POWER 8.875 1/ 5/1988	78 3/8	14.50	11.62
		US DOLLARS-FRANCE			
25 8.0	1975 99.50	AIR FRANCE 9.50 18/ 2/1982	94	18.92	10.11
20 2.6	1967 99.50	ANDRE CITROEN 6.75 15/ 3/1982	90	21.60	7.50
75 60.0	1976 100.00	B.F.C.E. 8.75 15/ 2/1983	91 5/8	14.34 16.95	9.55
75	1976 100.00	B.F.C.E. 8.95 15/ 7/1983 S	90 1/8	15.02	10.18
50 18.0	1975 100.00	B.F.C.E. 9.00 26/ 3/1982	94 1/2	16.53	9.52
20 15.5	1974 99.75	B.F.C.E. 9.00 15/ 3/1989	76	14.28 16.36	11.84
50	1977 100.00	B.N.P. 7.625 15/ 7/1982	90 3/8	17.70	8.44
8	1974 100.00	C.C.C.E. X79 10.25 15/11/1982	92 1/4	16.48	11.11
20 10.4	1971 98.50	CIMENTS LAFARGE 8.75 25/ 3/1986	78 7/8	15.22 17.55	11.09
35	1976 99.50	COMP NAT DU RHONE 8.75 20/10/1986	78 1/8	14.89	11.20
25 8.1	1975 99.75	COMP NAT DU RHONE X80 10.00 1/ 2/1982	95 1/8	18.03	10.51
100 100.0	1976 99.00	CREDIT NATIONAL 8.50 15/12/1986	81	13.36 15.78	10.49
50	1980* 100.00	CREDIT NATIONAL WW 13.75 1/ 1/1986	93 3/4	13.02	14.36
50	1980* 100.00	CREDIT NATIONAL XW 13.75 1/ 1/1986	95 1/2	15.11	14.40
20 4.8	1970 99.50	E.R.A.P. 9.00 15/ 2/1982	94	18.51	9.57
60	1975 99.50	E.R.A.P. 9.75 15/11/1985	82 1/2	15.48	11.82
20 14.4	1971 99.00	ELECTRICITE DE FRANCE 8.50 1/ 5/1986	78 1/2	14.97 16.89	10.83
50	1977 99.75	ELECTRICITE DE FRANCE 8.50 1/ 6/1987 S	73 7/8	15.22	11.52
100	1976 100.00	ELECTRICITE DE FRANCE 8.875 15/ 1/1983 S	91 3/8	15.59	9.95
100	1976 100.00	ELECTRICITE DE FRANCE 8.90 15/ 9/1986 S	79 3/4	15.02	11.47
100	1979 100.00	ELECTRICITE DE FRANCE 9.625 15/ 4/1986	82 5/8	14.86	11.65
125	1980* 100.00	ELECTRICITE DE FRANCE 10.00 1/ 7/1988	79 1/2	14.86	12.58

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-FRANCE (CONTINUED)			
200	1980 100.00	ELECTRICITE DE FRANCE 11.25 15/ 5/1990	82 1/8	15.00	13.70
125	1981* 100.00	ELECTRICITE DE FRANCE 13.00 15/ 1/1988	92	14.93	14.13
75	1977 100.00	ELF AQUITAINE 8.25 15/ 4/1985	81 3/8	14.89	10.14
40	1977 99.50	ELF-NORGE P 7.50 15/ 2/1982	92 3/4	19.13	8.08
20 7.3	1965 98.25	FRANCAISE DES PETROLES 6.00 15/10/1985	74 1/4	14.28 20.07	8.08
50	1973 100.00	FRANCAISE DES PETROLES 9.00 15/ 1/1982	95 1/8	17.56	9.46
25 16.0	1976 99.75	G.L.S. 9.25 15/ 4/1983	88	17.21 20.66	10.51
20 5.4	1970 99.50	GAZ DE FRANCE 9.00 15/ 3/1985	82 3/4	15.28 18.91	10.88
80	1981* 100.00	GAZ DE FRANCE 13.50 15/ 1/1986	95 1/2	14.84	14.14
20 12.0	1971 100.00	LE NICKEL 9.00 15/ 5/1986	76 1/2	16.25 20.30	11.76
20 7.4	1974 98.00	MARSEILLE,CITY OF E81 10.25 19/12/1986	94 1/4	11.68 12.42	10.88
58 42.0	1973 98.50	MICHELIN 7.50 15/ 2/1988	68	15.47 16.55	11.03
75 62.5	1976 100.50	MICHELIN 9.25 15/ 3/1986	80 3/8	15.28 15.77	11.51
40	1976 99.75	MICHELIN O'SEAS 8.50 15/ 9/1983	88 1/4	14.84	9.63
60 60.0	1976 99.25	MICHELIN O'SEAS 9.25 15/ 9/1988	74 1/8	15.36 16.01	12.48
125 125.0	1979 99.25	MICHELIN 10.00 17/ 8/1994	72 3/8	14.87 15.44	13.82
40	1975 98.75	NATIONALE DE L'ENERGIE 9.25 30/ 4/1985	83 5/8	15.06	11.06
100	1981* 100.00	NATIONALE DE L'ENERGIE 12.75 30/ 1/1991	88 1/2	15.04	14.41
30 30.0	1976 100.00	NATIONALE DES AUTO P 8.50 15/11/1986	81	13.62 16.01	10.49
75	1976 100.00	NATIONALE DES AUTOROUTES 9.00 7/ 5/1986	80 1/4	14.92	11.21
30 30.0	1977 99.75	NATIONALE DES AUTOROUTES 9.125 15/ 3/1997 S	68 5/8	14.63 16.44	13.74
30 30.0	1976 100.00	NATIONALE DES AUTOROUTES 9.25 9/ 9/1991	75	13.95 16.21	12.33
85	1980 100.00	NATIONALE DES AUTOROUTES 12.75 1/ 5/1995	86 3/4	15.06	14.70
30 7.0	1967 99.00	NATIONALE DES TELECOMM 6.75 1/11/1982	87 1/2	17.29 23.24	7.71
75	1976 100.00	NATIONALE DES TELECOMM 7.90 1/12/1981 S	95	19.58	8.49
20 10.0	1971 98.00	NATIONALE DES TELECOMM- 8.00 1/ 3/1986	78 3/8	14.59 18.68	10.21
75 75.0	1977 99.50	NATIONALE DES TELECOMM 8.25 1/10/1989	70 1/2	14.56 16.11	11.70
100	1976 100.00	NATIONALE DES TELECOMM 8.875 15/ 2/1984 S	87 3/4	15.00	10.37
75	1978 99.50	NATIONALE DES TELECOMM 9.00 15/ 5/1993	70 3/8	14.31	12.79
50 50.0	1976 100.00	NATIONALE DES TELECOMM 9.30 1/12/1996 S	70	14.61 16.43	13.73
100	1979 99.75	NATIONALE DES TELECOMM 9.50 15/ 6/1986	81 3/8	15.02	11.67
125	1980 99.75	NATIONALE DES TELECOMM 11.125 1/ 6/1990 S	83 3/4	14.92	13.72
25 11.3	1970 99.50	PECHINEY 9.00 15/12/1985	81 1/2	14.85 18.14	11.04
40 40.0	1976 99.00	PORTS AUTONOMES 9.00 15/11/1991	74 1/8	13.79 16.03	12.14
20 4.0	1967 97.00	RENAULT 6.75 1/ 8/1982	89 7/8	16.90 25.10	7.51
10	1976 100.00	RHONE-POULENC P 8.75 1/ 9/1983	84	17.90	10.42
30 10.0	1967 98.50	S.N.C.F. 6.50 15/ 6/1985	79 3/4	13.28 19.40	8.15
45	1977 100.00	S.N.C.F. 8.25 15/12/1984	82 1/2	14.90	10.00
100	1976 99.25	S.N.C.F. 8.75 10/ 4/1983 S	90 1/2	15.29	9.50
50 46.0	1977 99.50	S.N.C.F. 9.00 1/12/1992 S	72 1/8	14.41 16.32	12.87
50	1980 100.00	S.N.C.F. 12.375 15/ 5/1985	93 1/8	14.78	13.29
75 75.0	1981* 100.00	S.N.C.F. 13.00 15/ 2/1991	90 7/8	14.79 14.98	14.31
50	1980 100.00	S.N.C.F. 13.75 30/ 4/1987	95 7/8	14.83	14.34
30 22.8	1975 100.00	S.N.P.A. 10.00 1/11/1985	83 3/8	15.31 15.89	11.96
15 2.5	1967 97.50	SIMCA 7.00 15/12/1982	91	13.78 27.10	7.69
		US DOLLARS-GERMANY			
50	1978 99.25	BASF OVERSEAS P 7.50 1/ 5/1982	92 1/8	17.41	8.14
75	1969 99.50	BAYER INT FIN WW 6.00 1/11/1981	94 5/8	20.16	6.34
75	1969 99.50	BAYER INT FIN XW 6.00 1/11/1981	94 1/8	21.62	6.37
200	1979 100.00	BAYER INT FIN X88 WW 7.25 1/ 2/1989	72 3/8	13.16	10.02
200	1979 100.00	BAYER INT FIN X88 XW 7.25 1/ 2/1989	66 3/4	14.75	10.86
60	1977 100.00	BAYER INT FIN P 7.50 1/ 5/1984	81 1/8	16.07	9.24
20	1978 100.00	BERTELSMANN P 8.50 1/ 4/1985	81 1/4	15.28	10.46
125	1977 100.00	COMP FIN DEUTSCHE BKS WW 4.30 1/ 6/1987	97 1/2	4.99	4.62
125	1977 100.00	COMP FIN DEUTSCHE BK XW 4.30 1/ 6/1987	64	13.67	7.08

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		US DOLLARS-GERMANY (CONTINUED)			
25 18.8	1973 100.00	GUTEHOFFNUNGSHUTTE O/S 7.75 1/ 2/1988	79 7/8	12.32 14.98	9.70
25	1977 100.00	HENKEL INT FIN 7.50 1/10/1984	80 1/8	15.52	9.36
125	1979 100.00	HOECHST FINANCE WW 6.75 1/ 7/1989	74	11.93	9.12
125	1979 100.00	HOECHST FINANCE XW 6.75 1/ 7/1989	64 1/2	14.47	10.47
30 15.0	1970 100.00	SIEMENS WESTERN FIN 9.00 1/12/1985	90 1/8	11.92 13.73	9.99
35 25.0	1978 99.50	VOLKSWAGEN INT FIN P 7.75 1/ 6/1985	85 1/2	12.58 16.86	9.06
150	1977 100.50	VOLKSWAGEN O'SEAS FIN 7.75 15/ 5/1987	75	14.24	10.33
		US DOLLARS-GREECE			
20 12.0	1972 99.50	PUBLIC POWER CORPORATION 8.25 15/12/1984	81 1/4	15.43 20.31	10.15
		US DOLLARS-HONG KONG			
50 36.7	1973 100.00	HONGKONG LAND XW 7.75 1/10/1988	68	15.27 17.74	11.40
15 9.0	1971 100.00	JARDINE MATHESON INT. XW 7.75 15/11/1986	68	17.20 22.67	11.40
		US DOLLARS-HUNGARY			
50	1972 100.00	NAT BANK OF HUNGARY E79 8.50 1/11/1987	93	10.07	9.14
25 5.0	1971 99.00	NAT BANK OF HUNGARY 8.75 30/ 6/1981	94		9.31
		US DOLLARS-ICELAND			
15 10.5	1972 99.50	ICELAND,REPUBLIC OF 8.00 1/ 2/1987	77 1/2	13.97 16.81	10.32
20 5.1	1971 99.00	ICELAND,REPUBLIC OF 8.75 15/ 1/1986	83 3/4	13.68 16.77	10.45
20 18.8	1977 99.50	ICELAND,REPUBLIC OF 9.00 15/ 2/1987	81 1/2	13.87 14.81	11.04
18 3.6	1967 99.50	ICELANDIC ALUMINIUM CO 6.75 1/10/1982	93 1/2	12.23 15.60	7.22
		US DOLLARS-IRAN			
30 18.0	1976 99.00	IND & MINING DEVT BANK 9.25 5/ 2/1983	84	21.40 26.67	11.01
		US DOLLARS-IRELAND			
25 13.5	1971 97.50	IRELAND,REPUBLIC OF 8.25 15/ 2/1989 S	78	13.23 15.75	10.86
15 5.1	1970 99.00	IRELAND,REPUBLIC OF 9.00 1/ 3/1985 S	88 3/8	13.42 14.86	10.44
50	1981* 100.00	IRELAND,REPUBLIC OF 12.75 1/ 2/1988	89	15.46	14.33
20 8.0	1969 97.25	AER LINGUS, TEORANTA 8.25 15/11/1981	95 3/8	19.22	8.65
		US DOLLARS-ISRAEL			
15 2.9	1967 96.00	ISRAEL IND DEVT BANK 7.00 28/11/1982 S	91	14.34 17.65	7.84
		US DOLLARS-ITALY			
20 4.8	1970 97.00	ALFA ROMEO 7.75 15/ 4/1985 S	81 1/2	14.59 18.37	9.74
20 4.7	1965 97.50	CASSA PER IL MEZZOGIORNO 6.00 1/ 3/1985 S	74 1/4	15.83 22.20	8.24
25 6.3	1968 98.25	CASSA PER IL MEZZOGIORNO 6.75 1/10/1983 S	80 1/4	18.12 25.17	8.59
25 8.1	1969 97.50	CASSA PER IL MEZZOGIORNO 6.75 1/ 7/1984 S	79 3/4	15.78 22.77	8.64
50 22.5	1969 95.00	CRED.CON.OPERE PUBBLICHE 7.50 1/ 1/1990 S	68 3/8	14.41 18.68	11.27
50 12.0	1970 96.00	ENEL 7.50 1/ 3/1985 S	80 7/8	14.73 19.03	9.49
20 2.0	1966 97.00	E.N.E.L. 6.50 1/ 9/1982 S	95 7/8	25.32	6.89
25 4.0	1967 97.50	E.N.E.L. 6.50 1/ 2/1982 S	93 7/8	17.12 21.40	7.04
25 12.1	1967 98.00	E.N.E.L. 6.50 1/ 6/1987 S	86	9.85 11.21	7.70
20 7.5	1968 99.00	E.N.E.L. 6.75 1/11/1988 S	93 3/4	8.03 8.85	7.33
30 11.3	1968 98.00	E.N.E.L. 6.75 1/ 6/1988 S	94 1/4	7.99 8.88	7.29
50 1.7	1969 97.50	E.N.E.L. 7.00 1/10/1981 S	95 7/8	21.08	7.43
50 39.0	1972 98.25	E.N.E.L. 7.00 15/ 1/1988	73 1/8	13.33 14.88	9.57
25 13.7	1971 100.00	FERROVIE DELLO STATO 8.75 1/ 2/1986	91	11.30 12.67	9.62
25 7.4	1970 97.00	FINSIDER INT 7.75 1/ 1/1985 S	85 3/8	13.39 18.04	9.28
30 4.9	1969 98.00	I.M.I. 7.25 1/12/1981 S	94 7/8	19.16 31.99	7.79
15 2.8	1967 98.50	OLIVETTI INTERNATIONAL 6.75 1/10/1982 S	93 1/8	12.85 16.40	7.38
25	1976 99.50	OLIVETTI INTERNATIONAL 8.75 15/11/1981	96	18.11	9.11
40	1977 99.50	OLIVETTI INTERNATIONAL 9.25 1/ 6/1984	87 1/2	14.69	10.57
15 5.6	1970 99.50	OLIVETTI INTERNATIONAL 9.50 15/11/1985	95 5/8	10.75 11.58	9.93
35	1979 99.25	OLIVETTI INTERNATIONAL 9.75 31/ 5/1986	83 1/4	14.71	11.71
50 13.7	1970 97.00	S.T.E.T. 7.75 1/ 5/1985 S	91 3/4	10.63 12.03	8.63
40 28.0	1977 100.00	S.T.E.T. 9.25 15/ 7/1983	91 3/4	13.95 15.17	10.08
10 3.0	1971 100.00	TURIN,CITY OF 9.00 1/ 5/1991	74 1/8	13.96 16.61	12.16

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		US DOLLARS-JAPAN			
50	1977 100.00	BANK OF TOKYO(CURACAO) 7.625 1/ 5/1984	84 3/8	14.55	9.04
25 17.4	1973 98.50	CURACAO TOKYO HOLDING 8.625 1/12/1988	74 1/4	14.43 15.45	11.62
20	1978 99.00	DAIICHI CHUO(CAYMAN) 8.50 15/ 1/1985	80 1/8	16.09	10.61
20	1977 99.00	DENKA-DENKI KOGYO K.K 7.75 1/10/1982	87 3/4	18.79	8.83
30 24.0	1977 99.25	HITACHI SHIPBUILDING 7.75 15/ 2/1984	88 3/4	12.88 15.66	8.73
30	1978 99.50	HITACHI SHIPBUILDING 8.50 1/ 3/1983	88 5/8	16.39	9.59
20	1976 99.75	INDUST BNK-JAPAN 8.50 1/ 7/1981	99 1/4	17.02	8.56
35 25.2	1975 100.00	INDUST BNK-JAPAN 9.25 15/ 4/1982	94 1/8	16.90	9.83
45	1977 100.00	ISHIKAWAJIMA-HARIMA 7.75 15/ 4/1982	92 1/4	17.97	8.40
20	1978 99.50	ITO-YOKADO 9.125 31/ 8/1983 S	80	21.64	11.73
15	1977 99.00	C ITOH & CO (HK) INTL 8.125 1/11/1984	80	15.93	10.16
35	1976 100.00	C ITOH 8.75 1/ 8/1981	98 3/4	16.08	8.86
100	1976 99.80	JAPAN DEVELOPMENT BANK 8.25 15/ 7/1981 S	99	16.88	8.51
20	1977 100.00	KAJIMA OVERSEAS(CURACAO) 7.625 15/ 5/1982	91	18.67	8.38
15	1976 100.00	KOYO OVERSEAS(CURACAO) P 9.00 15/ 9/1981	98	15.96	9.18
15	1977 99.75	KUMAGAI GUMI P 7.75 15/ 1/1982	94 5/8	17.24	8.19
20	1975 99.25	MARUBENI CORP 9.75 1/ 3/1982	94	18.75	10.37
12	1974 98.50	MITSUBISHI RAYON 9.00 1/ 4/1989	74 1/2	14.67	12.08
30	1976 99.50	MITSUI ENG & SHIP 8.75 1/ 9/1983	86 3/4	16.15	10.09
25 19.0	1977 100.00	MITSUI PETROCHEMICAL IND 8.00 1/ 4/1984	86 1/4	14.18 17.06	9.28
20	1977 99.25	MOL INTERNATIONAL 7.75 1/ 8/1984	80 1/2	16.03	9.63
15	1976 100.00	NICHIMEN CO P 9.125 1/ 8/1981	97	28.21	9.41
30	1977 99.00	NIPPON FUDOSAN BANK 7.75 15/ 6/1982	91 1/4	17.61	8.49
25	1976 100.00	NIPPON FUDOSAN BANK 8.00 15/11/1981	95 1/2	18.65	8.38
15	1977 99.50	NIPPON MINING 7.75 1/ 6/1982	91 7/8	17.22	8.44
100	1977 100.00	NIPPON TEL & TEL 7.625 1/ 3/1982 S	94 7/8	15.56	8.20
150	1977 100.00	NIPPON TEL & TEL 7.75 15/ 6/1984 S	84 3/8	14.76	9.40
50	1977 99.75	NIPPON TEL & TEL 8.125 1/ 3/1987 S	76 1/8	14.86	10.90
20	1976 99.75	NYK INTL LUX 8.75 15/ 7/1981	98 1/2	21.01	8.88
15	1976 100.00	OKI ELECTRIC INDUSTRY 8.25 15/11/1981	95 5/8	18.58	8.63
20 14.2	1976 99.75	ORIENT LEASING (CAR)NV 8.25 15/12/1983	85 1/4	15.64 19.83	9.68
20 20.0	1977 99.75	ORIENT LEASING (CAR)NV 8.25 1/12/1984	83 1/2	14.53 16.84	9.88
25 25.0	1979 99.75	ORIENT LEASING (CAR)NV 9.50 1/ 7/1986	80 1/2	15.27 17.25	11.80
30 30.0	1980 100.00	ORIENT LEASING (CAR)NV 12.00 1/ 6/1985	91 1/8	15.11 15.94	13.17
20	1977 99.25	SUMITOMO HEAVY IND 7.75 15/ 1/1984	88	13.41	8.81
30 21.0	1977 99.25	TORAY INDUSTRIES 7.75 15/10/1984 S	67 5/8	13.82 16.38	9.07
15	1977 100.00	TOYO KANETSU 7.75 1/ 3/1982	93 1/2	17.49	8.29
30	1977 99.25	TOYO MENKA KAISHA 7.75 1/ 4/1982	92 3/4	17.67	8.36
25 20.0	1977 99.25	Y.S. LINE (CAYMAN) 7.75 15/ 3/1984	85 1/2	14.37 17.22	9.06
		US DOLLARS-KOREA			
25	1976 99.75	KOREA DEVT BANK 9.50 15/12/1981	96 1/4	16.90	9.87
25	1977 99.50	KOREA DEVT BANK 9.50 1/ 3/1982	95	16.89	10.00
		US DOLLARS-LUXEMBOURG			
20 8.0	1972 100.00	S.E.E. LUXEMBOURG 7.50 15/10/1982	90 1/4	15.81 20.74	8.31
30	1976 100.00	S.E.E. LUXEMBOURG 9.00 15/ 2/1983	88 1/2	17.21	10.17
		US DOLLARS-MEXICO			
25 .6	1966 96.50	MEXICO,UTD STATES OF 6.875 1/ 7/1981 S	98 1/2	26.11	7.10
25 1.9	1967 99.00	MEXICO,UTD STATES OF 7.00 15/ 4/1982 S	93 1/4	16.09 19.31	7.63
20 .4	1966 96.50	MEXICO,UTD STATES OF 7.25 15/11/1981 S	94 3/4	20.65	7.80
40 30.4	1972 100.00	MEXICO,UTD STATES OF 8.50 15/ 3/1987 S	80	14.05 17.02	10.92
30 25.9	1973 100.00	MEXICO,UTD STATES OF 8.75 15/12/1991 S	71	14.61 16.13	12.70
60	1977 100.00	MEXICO,UTD STATES OF 9.00 1/ 5/1982 S	92 7/8	18.46	9.93
50	1976 100.00	MEXICO,UTD STATES OF L 9.50 1/ 3/1991 S	75	14.84	13.07
75 12.9	1975 100.00	MEXICO,UTD STATES OF L 10.00 15/ 2/1990 S	80	14.53 16.88	12.89
30	1977 99.75	BANCO NACIONAL DE OBRAS 9.25 1/11/1982 S	90 5/8	17.64	10.42

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		US DOLLARS-MEXICO (CONTINUED)			
20 10.1	1972 97.50	C.F.E. - MEXICO 8.00 1/ 2/1987	76 1/2	14.29 18.24	10.46
75	1980* 98.75	C.F.E. - MEXICO 13.00 1/11/1987	88	16.07	14.77
25	1977 99.50	FINASA - FIN AZUC 9.00 1/11/1982	92	15.56	9.78
20 3.2	1967 96.75	NACIONAL FINANCIERA 7.25 1/ 9/1982 S	91 3/4	15.19 19.11	8.06
30	1976 100.00	NACIONAL FINANCIERA 10.00 1/ 7/1981	98	34.91	10.20
20 13.3	1972 100.00	PETROLEOS MEXICANOS 8.50 1/ 9/1987	80 1/2	13.25 15.93	10.56
75	1977 100.00	PETROLEOS MEXICANOS 9.00 1/ 7/1982	94 3/4	14.50	9.50
20 8.0	1975 98.00	PETROLEOS MEXICANOS 10.25 15/ 4/1982	95 1/2	16.04	10.73
100 100.0	1980* 100.00	PETROLEOS MEXICANOS 11.50 1/ 7/1988	82 3/4	15.68 15.85	13.90
50	1977 100.00	TELEFONOS DE MEXICO SA 9.25 10/ 8/1984	83 7/8	16.04	11.03
		US DOLLARS-NETHERLANDS			
40 28.0	1977 100.00	AMEV 8.00 1/ 8/1987	78 7/8	13.20 17.14	10.14
40 38.0	1977 100.00	DUTCH STATE MINES 8.25 15/ 6/1987	75 3/4	14.34 15.06	10.89
50 50.0	1976 100.00	DUTCH STATE MINES 8.75 1/ 8/1988	77 3/4	13.81 15.36	11.25
20 20.0	1977 100.50	GIST-BROCADES INTL 8.25 15/ 7/1985	85 1/2	12.98 16.87	9.65
30	1977 100.00	NATIONALE NEDERLANDEN D 8.00 20/ 4/1984	84 1/4	15.09	9.50
30 30.0	1976 99.00	NATIONALE NEDER FIN WW 8.00 15/ 6/1988	120 3/4	4.50 3.09	6.63
30 30.0	1976 99.00	NATIONALE NEDER FIN XW 8.00 15/ 6/1988	83	11.67 13.18	9.64
25 15.0	1976 100.00	PAKHOED HOLDING N.V. 9.00 15/ 2/1982	94	18.51	9.57
100	1979 99.50	UNILEVER N.V 9.25 15/ 7/1987	79 7/8	14.39	11.58
100 100.0	1980* 99.50	UNILEVER NV 9.75 15/ 7/1990	77 3/8	14.33 15.13	12.60
		US DOLLARS-NEW ZEALAND			
20 5.6	1965 97.50	NEW ZEALAND,GOVT OF 5.75 1/ 7/1985 S	81 1/2	11.88 17.22	7.18
15 4.2	1966 96.00	NEW ZEALAND,GOVT OF 6.50 15/ 3/1986 S	82 1/2	11.64 14.74	8.03
100	1977 99.46	NEW ZEALAND,GOVT OF 7.50 15/ 9/1984 S	82 3/4	14.73	9.27
100	1976 100.25	NEW ZEALAND,GOVT OF 8.25 1/12/1986	76 7/8	14.61	10.73
50	1976 100.00	NEW ZEALAND,GOVT OF 8.50 15/ 6/1983	90	14.48	9.44
50	1975 99.50	NEW ZEALAND,GOVT OF 9.25 15/11/1981	95 7/8	18.92	9.65
40 31.2	1975 99.50	NEW ZEALAND,GOVT OF 9.25 15/ 8/1982	92 1/2	16.46 16.79	10.00
25 17.5	1977 100.00	NEW ZEALAND DEV FIN CORP 7.75 15/ 5/1984	84 1/8	14.74 16.60	9.21
20 20.0	1978 99.25	NEW ZEALAND DEV FIN CORP 8.125 1/ 6/1983	89 3/4	14.36 16.47	9.05
20 20.0	1978 99.00	NEW ZEALAND DEV FIN CORP 8.375 1/ 6/1985	82 5/8	14.38 15.52	10.14
25	1978 100.00	N.Z. FOREST PRODUCTS 9.00 15/ 3/1986	79 5/8	15.26	11.30
25	1980* 100.00	N.Z. FOREST PRODUCTS 12.75 1/11/1988	88 3/4	15.34	14.37
50	1976 100.00	OFFSHORE MINING CO 8.25 15/12/1985	79 1/8	14.84	10.43
		US DOLLARS-NORWAY			
25 7.8	1964 98.25	NORWAY,KINGDOM OF 5.50 13/ 5/1984	87	10.87 13.35	6.32
30 10.5	1965 98.00	NORWAY,KINGDOM OF 5.50 1/ 4/1985 S	86 1/8	10.18 12.72	6.49
150	1977 100.25	NORWAY,KINGDOM OF 7.25 15/ 5/1982	92 1/4	16.60	7.86
150	1977 100.00	NORWAY,KINGDOM OF 7.375 1/ 2/1982 S	94 3/8	17.18	7.97
200	1977 99.85	NORWAY,KINGDOM OF 7.50 15/ 6/1982 S	92 1/8	16.61	8.31
45	1976 100.00	NORWAY,KINGDOM OF P 7.75 1/11/1981	95 1/4	20.11	8.14
250	1978 99.50	NORWAY,KINGDOM OF 7.875 1/ 5/1983	88 1/8	15.45	8.94
125	1978 99.63	NORWAY,KINGDOM OF 8.125 15/ 1/1983 S	90 7/8	15.14	9.14
100	1976 100.00	NORWAY,KINGDOM OF 8.25 15/ 7/1981 S	99	16.88	8.51
125	1978 100.00	NORWAY,KINGDOM OF 8.25 1/ 4/1983	88 3/8	15.25	9.29
150	1978 99.60	NORWAY,KINGDOM OF 8.75 1/ 7/1983 S	89 3/4	15.14	9.59
150	1979 100.25	NORWAY,KINGDOM OF 9.50 1/ 5/1984	88 1/4	14.71	10.76
150	1979 99.50	NORWAY,KINGDOM OF 9.75 15/ 1/1984 S	90 1/4	14.83	11.10
20 3.5	1964 99.00	BERGEN,CITY OF 5.50 15/10/1984	80 3/8	13.01 18.36	6.84
15 6.0	1972 98.00	BERGEN,CITY OF 8.00 1/ 4/1987	84 3/8	11.84 14.21	9.48
15 6.0	1971 100.00	BORREGAARD 8.75 1/ 2/1986	90 7/8	11.34 13.56	9.63
50 46.0	1978 100.00	EKSPORTFINANS 9.00 15/ 9/1986	80 1/2	14.49 16.29	11.18
75 75.0	1980* 100.00	EKSPORTFINANS 9.50 15/ 7/1987	80 1/2	14.30 16.33	11.80
30	1979 99.25	EKSPORTFINANS 11.25 15/ 1/1987	88 1/8	14.42	12.77

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-NORWAY (CONTINUED)			
7 1.4	1964 99.00	KRAFTLAGET OPPLANDSKRAFT 5.75 15/ 3/1984	86 3/8	11.72 14.91	6.66
8 2.7	1965 97.50	KRAFTLAGET OPPLANDSKRAFT 6.25 1/12/1985	83 5/8	11.03 14.20	7.47
15 3.0	1967 96.75	KRAFTLAGET OPPLANDSKRAFT 6.50 1/ 6/1982 S	93 1/8	14.56 22.83	7.10
10 2.6	1964 99.50	NORGES KOMMUNALBANK 5.75 15/ 1/1984	89 1/4	10.62 13.32	6.44
20 16.0	1972 99.25	NORGES KOMMUNALBANK 7.50 1/ 2/1987	79 1/2	12.77 15.08	9.43
20 16.5	1972 99.00	NORGES KOMMUNALBANK 7.50 15/12/1990	73 3/8	12.39 14.10	10.22
60 55.0	1976 99.50	NORGES KOMMUNALBANK 8.50 16/12/1991	72 7/8	13.43 16.19	11.66
75 68.7	1977 100.00	NORGES KOMMUNALBANK 8.50 16/ 5/1992	73	13.32 15.81	11.64
75 75.0	1978 99.50	NORGES KOMMUNALBANK 9.125 1/ 4/1998 S	69 1/4	14.37 14.83	13.61
100 100.0	1979 100.00	NORGES KOMMUNALBANK 9.875 1/ 9/1999 S	72 3/8	14.62 15.55	14.11
50 44.0	1977 99.75	NORPIPE 8.50 15/ 3/1989	73 1/4	14.41 15.75	11.60
50 40.0	1976 99.50	NORPIPE 9.25 1/ 4/1986	86 1/4	13.26 15.16	10.72
20 3.5	1967 97.50	NORSK HYDRO-ELEKTRISK 6.875 15/10/1982 S	91 5/8	14.21 17.94	7.64
50	1977 99.50	NORSK HYDRO 7.875 1/12/1982	90 1/4	15.51	8.73
50 50.0	1977 99.50	NORSK HYDRO 8.50 1/ 3/1992	70 7/8	13.84 15.55	11.99
60	1976 99.50	NORSK HYDRO 9.00 15/ 9/1991	77 1/8	13.16	11.67
50 50.0	1978 99.00	NORSK HYDRO 9.25 15/ 1/1994	72 1/4	14.04 15.20	12.80
50 39.0	1976 100.50	NORSK HYDRO 9.50 1/ 2/1986	88 1/4	12.97 14.09	10.76
40 36.0	1975 100.00	NORSK HYDRO 9.75 1/ 6/1985	92 1/8	12.36 13.31	10.58
6 .8	1967 96.50	NORTHERN PAPER MILLS 6.75 1/ 9/1982 S	92 7/8	13.49 18.71	7.40
22	1978 100.00	NORWEGIAN INDUSTRY BK P 8.75 30/ 6/1985	80 1/2	15.53	10.87
15 3.8	1964 98.81	OSLO,CITY OF 5.50 15/ 9/1984 S	88 1/8	10.04 13.48	6.34
15 3.8	1965 98.75	OSLO,CITY OF 5.75 1/ 6/1985 S	87 7/8	9.68 11.60	6.65
15 7.8	1971 98.50	OSLO,CITY OF 8.25 1/ 3/1986	90 5/8	10.85 12.13	9.10
50 50.0	1977 99.00	OSLO,CITY OF 8.75 1/11/1997 S	66 3/4	14.44 16.17	13.54
20 8.4	1970 100.00	OSLO,CITY OF 9.00 1/ 5/1985	91 7/8	11.69 13.06	9.80
40 25.6	1976 100.50	OSLO,CITY OF 9.00 1/ 3/1988	83 3/4	12.70 14.86	10.75
15 4.0	1964 98.25	SOLDAL-SULDAL 5.75 10/11/1984 S	83 5/8	11.99 16.46	6.99
15 5.0	1965 98.50	SOLDAL-SULDAL 6.25 26/10/1985 S	82 5/8	11.69 15.69	7.71
25 8.8	1965 97.75	SIRA-KVINA 5.75 20/ 1/1985 S	81	12.77 16.97	7.22
12 3.4	1970 99.50	SIRA-KVINA 9.00 15/ 2/1985 S	92	12.05 13.56	10.02
100 100.0	1979 100.00	STATOIL 9.625 1/ 8/1989	79	14.09 14.82	12.18
10 2.8	1964 99.50	TYSSEFALDENE 6.00 25/ 3/1984	86 5/8	11.83 14.71	6.93
		US DOLLARS-PANAMA			
25	1977 100.00	PANAMA,REPUBLIC OF E87 9.25 1/11/1982 S	88	20.20	10.79
30	1978 100.00	PANAMA,REPUBLIC OF E88 9.50 15/ 3/1983	87	18.58	10.92
		US DOLLARS-PAPUA N.G.			
25 20.2	1977 100.00	BOUGAINVILLE COPPER FIN 8.75 1/ 5/1984	84 1/4	15.88 16.34	10.39
		US DOLLARS-PORTUGAL			
20 5.3	1964 97.50	PORTUGAL,REPUBLIC OF 5.75 1/ 6/1984 S	80	14.65 23.33	7.32
20 5.3	1965 97.50	PORTUGAL,REPUBLIC OF 5.75 1/ 2/1985 S	83	11.89 15.77	7.05
		US DOLLARS-SINGAPORE			
20 13.0	1972 100.00	SINGAPORE,GOVERNMENT OF 7.75 1/11/1987	84	11.37 13.78	9.23
15	1977 99.50	KEPPEL SHIPYARD 8.625 15/10/1984	88	15.39	10.39
25	1976 99.63	KEPPEL SHIPYARD 9.00 15/ 8/1983	89 1/2	14.65	10.06
12 6.0	1975 100.00	KEPPEL SHIPYARD 9.50 1/ 7/1982	91	19.36 28.51	10.44
12 7.5	1976 99.50	DBS SINGAPORE 8.50 15/11/1983	87	15.14 17.20	9.77
10 4.0	1971 100.00	SINGAPORE DEVT BANK 8.50 15/ 1/1982	93	21.20	9.14
		US DOLLARS-SOUTH AFRICA			
25 17.0	1972 98.00	SOUTH AFRICA,REPUBLIC OF 7.75 15/12/1987	71 1/8	14.93 16.25	10.90
25 16.0	1972 99.50	SOUTH AFRICA,REPUBLIC OF 8.00 1/ 2/1987	78 3/8	13.70 16.78	10.21
30 42.5	1972 97.00	ANGLO-AMERICAN CORP 7.50 1/ 3/1987	73 3/4	14.51 18.03	10.17
25 10.4	1967 99.50	DE BEERS CONS MINES 6.50 1/ 6/1982	93 1/2	13.86 21.84	6.95
20 9.5	1971 98.00	ESCOM 8.50 1/12/1986	84 1/2	12.35 15.82	10.06
15 11.0	1975 98.50	ESCOM 9.25 1/ 3/1989	84 7/8	12.37 13.91	10.90

ISSUED/ AMT. O/S (MIO)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	PRICE	YIELD TO MATURITY/YLD. TO AVGE. LIFE	CURRENT YIELD
		US DOLLARS-SOUTH AFRICA (CONTINUED)			
30 21.0	1975 99.50	ESCOM X78 10.25 15/10/1983	97 1/4	11.57 12.08	10.56
		US DOLLARS-SPAIN			
20 13.1	1967 99.50	AUTOPISTAS 7.00 1/ 7/1987	90 3/8	9.12 10.82	7.75
20 14.0	1972 100.00	I.N.I. (SPAIN) 8.00 1/10/1987	91	9.96 11.35	8.79
15 12.0	1971 99.50	PETRONOR 7.75 4/ 1/1988	76 7/8	13.18 16.27	10.08
15 9.7	1971 99.50	PETRONOR 8.50 30/12/1986	76 7/8	14.83 18.53	11.06
50	1976 99.00	RENFE 9.25 1/12/1983	93 1/8	12.55	9.93
		US DOLLARS-SWEDEN			
100	1977 99.00	SWEDEN,KINGDOM OF 7.50 15/ 6/1982	92 1/4	16.32	8.13
100 83.5	1977 99.75	SWEDEN,KINGDOM OF 8.25 15/ 6/1987	74 3/8	14.38 15.97	11.09
100	1977 99.25	SWEDEN,KINGDOM OF 8.50 15/11/1987 S	74 3/8	15.26	11.71
100 100.0	1977 99.75	SWEDEN,KINGDOM OF 9.00 15/11/1997 S	65 3/4	15.05 16.87	14.16
125 125.0	1978 99.00	SWEDEN,KINGDOM OF 9.25 1/ 6/1998 S	67	15.06 16.62	14.28
200	1979 99.38	SWEDEN,KINGDOM OF 9.50 15/ 4/1986 S	82 1/4	15.26	11.88
100	1979 99.25	SWEDEN,KINGDOM OF 9.75 15/ 8/1984	86 7/8	15.16	11.22
100	1979 99.25	SWEDEN,KINGDOM OF 9.75 1/ 5/1989	76 3/4	14.94	12.70
150	1980* 99.50	SWEDEN,KINGDOM OF 10.625 15/ 6/1990 S	79 7/8	15.26	13.78
100 100.0	1980* 99.63	SWEDEN,KINGDOM OF 11.375 15/ 6/2000 S	78 1/2	15.32 15.83	15.02
150	1979 99.91	SWEDEN,KINGDOM OF 11.625 1/12/1984 S	91 7/8	15.21	13.05
100 100.0	1979 99.65	SWEDEN,KINGDOM OF 11.625 1/12/1999 S	79 7/8	15.39 16.01	15.08
150	1980* 99.75	SWEDEN,KINGDOM OF 12.375 15/ 9/1985	91 1/4	15.24	13.56
200	1980* 100.00	SWEDEN,KINGDOM OF WW 13.65 15/12/1985 S	95 3/8	15.66	14.82
200	1980* 100.00	SWEDEN,KINGDOM OF XW 13.65 15/12/1985 S	95 7/8	15.48	14.24
300	1980 99.50	SWEDEN,KINGDOM OF 15.25 13/10/1983	99 1/8	15.58	15.38
25 23.0	1978 100.00	AGA AKTIEBOLAG 9.25 15/ 6/1988	79	14.18 16.08	11.71
30 18.0	1971 98.00	ASEA 8.50 1/ 3/1986	80 1/2	14.41 17.13	10.56
20 8.7	1970 98.75	ATLAS COPCO 9.50 1/ 8/1985	89 3/8	12.93 15.36	10.63
15 1.3	1967 99.75	ERIKSBERGS 6.75 15/ 3/1982	93	16.76	7.26
20 14.0	1977 99.50	ESSELTE 8.50 15/ 2/1984	87 5/8	14.26 17.02	9.70
40	1977 100.00	GOTAVERKEN 7.625 15/ 9/1982	90 3/4	15.98	8.40
40	1976 100.50	GOTAVERKEN 8.00 15/ 1/1982	94 5/8	17.30	8.45
40 34.0	1977 99.50	GOTAVERKEN 8.125 15/ 9/1987	74 1/8	14.63 16.12	10.96
20	1976 99.00	GOTAVERKEN P 8.25 1/10/1983	85	16.40	9.71
30 24.0	1976 100.00	GOTAVERKEN 8.25 15/ 1/1985	87 1/2	12.72 15.57	9.43
30	1977 99.50	GOTHENBURG,CITY OF 8.75 15/12/1987	72	15.90	12.15
15 6.5	1967 97.30	GRANGES 6.75 16/10/1987 S	81 1/8	11.23 14.42	8.49
25 8.0	1971 100.00	GRANGES 8.50 15/ 2/1989	77	13.45 16.48	11.06
20 12.5	1975 98.00	GRANGES 9.75 1/ 5/1985	88 3/8	13.77 14.42	11.03
30 30.0	1976 100.00	KOCKUMS 8.00 15/11/1983	88 1/8	13.96 17.79	9.08
20 6.0	1966 97.25	L.M. ERICSSON 6.50 15/ 3/1986 S	77 5/8	12.31 17.56	8.55
35	1976 100.00	L.M. ERICSSON 8.50 15/ 9/1983	86 7/8	15.67	9.78
30 26.0	1977 100.50	L.M. ERICSSON 8.50 15/ 4/1989	79	14.45 16.05	11.64
30 14.7	1970 99.50	L.M. ERICSSON 9.25 1/12/1985	92 3/8	11.55 12.56	10.04
35 29.3	1976 100.00	L.M. ERICSSON 9.25 15/ 9/1991	73 1/8	14.38 14.76	12.65
35	1976 100.00	MO OCH DOMSJO 9.00 15/10/1986	74 5/8	16.41	12.06
25	1976 100.00	MO OCH DOMSJO 9.50 15/ 2/1983	87 1/8	18.87	10.90
30	1977 99.25	SAAB-SCANIA 8.50 15/ 3/1989	67 3/4	16.00	12.55
15 10.5	1971 98.50	SANDVIK 9.00 1/ 9/1986 S	85 5/8	13.38 15.77	10.51
30 22.5	1976 100.50	SANDVIK 9.50 15/ 4/1986	84	14.25 15.67	11.31
30 23.5	1972 100.25	SCANRAFF 7.50 15/12/1990	70 1/2	13.06 15.06	10.64
30 25.5	1973 99.75	SCANRAFF 8.625 15/10/1988	74 1/2	14.43 15.92	11.58
40 34.0	1976 100.00	SKANDINAVISKA ENSKILDA 9.00 1/12/1991	71 1/8	14.38 16.86	12.65
30 23.3	1977 100.50	SKF 8.00 15/ 1/1987	74 3/8	15.03 16.88	10.76
20 20.0	1976 99.50	SODRA SKOGSAGARNA 9.50 15/12/1986	77	16.01 19.99	12.34
20 12.5	1976 99.50	SPARBANKERNAS BANK 8.75 2/ 9/1983	92 1/2	13.30 16.45	9.54

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Amount issued / Amt. O/S (mln)	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Yield to maturity / to ave. life	Current yield
		US DOLLARS-SWEDEN (CONTINUED)			
30 / 21.5	1977 / 100.00	SPARBANKERNAS BANK 8.75 15/ 1/1985	77 1/4	14.24 / 17.38	11.33
40	1977 / 100.30	STATSFORETAG 7.75 1/ 3/1982	94 1/4	17.30	8.22
50 / 50.0	1977 / 100.00	STOCKHOLM,CITY OF 8.875 15/ 2/1992 S	72 1/2	14.35 / 16.65	12.62
60 / 60.0	1979 / 99.00	STOCKHOLM,CITY OF 9.75 15/ 3/1994 S	74 7/8	14.51 / 15.74	13.45
30 / 24.0	1976 / 99.00	SVENSKA HANDELSBANKEN 9.25 1/ 3/1986	82 1/2	14.57 / 16.77	11.21
45	1981* / 100.00	SVENSKA HANDELSBANKEN 13.75 15/ 4/1988	92 7/8	15.46	14.80
25 / 8.8	1976 / 100.00	SWEDISH EXPORT CREDIT P 7.875 15/10/1983 S	90	13.29 / 17.05	8.94
25 / 4.0	1975 / 99.00	SWEDISH EXPORT CREDIT 9.00 15/ 4/1982	93	14.23	9.68
20 / 15.7	1979 / 100.00	SWEDISH EXPORT CREDIT P 9.50 15/ 4/1986 S	87	13.62 / 15.82	11.22
30	1980* / 99.75	SWEDISH EXPORT CREDIT 12.00 1/10/1983	92 3/4	15.84	12.94
40	1980 / 99.50	SWEDISH EXPORT CREDIT 12.50 1/ 5/1985	90 1/4	16.01	13.85
75	1981* / 100.00	SWEDISH EXPORT CREDIT 13.00 15/ 1/1986	90 1/2	15.99	14.36
50	1981* / 99.50	SWEDISH EXPORT CREDIT 15.75 1/ 6/1986	99 5/8	15.86	15.81
15 / 10.5	1973 / 100.30	SWEDISH INVESTMENT BANK 7.50 15/ 1/1988	72 1/4	14.21 / 17.93	10.38
15 / 10.5	1972 / 99.00	SWEDISH INVESTMENT BANK 7.75 1/11/1987	75 7/8	13.35 / 17.02	10.21
15 / 15.0	1976 / 100.00	SYDKRAFT 9.25 15/ 9/1986	79 1/4	15.19 / 18.61	11.67
30 / 13.9	1976 / 100.00	UDDEVALLAVARVET F 7.75 1/12/1983 S	90	12.91 / 17.61	8.60
23 / 20.5	1977 / 100.00	UDDEVALLAVARVET F 7.75 15/ 9/1984	81 3/8	15.32 / 17.24	9.52
25 / 20.2	1972 / 100.30	VOLVO 8.00 1/ 9/1987	71 1/2	15.38 / 18.79	11.19
35	1977 / 100.00	VOLVO 8.00 1/ 3/1987	71 3/8	13.93	11.21
25	1975 / 99.50	VOLVO 9.30 1/ 3/1985	83 1/8	14.91	11.16
		US DOLLARS-SWITZERLAND			
35 / 5.8	1971 / 100.00	ALUSUISSE INT XW 7.00 1/ 7/1981	98 3/4	21.97	7.09
75	1977 / 100.00	ESAI FIN CORP 8.00 1/ 8/1982	92 1/4	15.66	8.67
35 / 24.5	1972 / 98.30	SWISS ALUMINIUM AUST LTD 8.00 1/ 7/1987	88	10.78 / 12.94	9.09
		US DOLLARS-VENEZUELA			
100	1977 / 99.89	VENEZUELA,REPUBLIC OF 7.875 15/ 6/1982 S	92 3/8	16.42	8.68
100	1977 / 99.50	VENEZUELA,REPUBLIC OF 8.00 15/ 2/1984	82 5/8	16.38	9.68
100	1977 / 99.75	VENEZUELA,REPUBLIC OF 8.125 15/10/1994 S	82 5/8	15.39	10.08
50 / 50.0	1977 / 99.50	VENEZUELA,REPUBLIC OF 8.75 15/10/1992 S	69 3/8	14.77 / 16.98	13.01
100	1981* / 100.00	VENEZUELA,REPUBLIC OF 15.625 1/ 5/1986 S	99 7/8	16.26	16.26
15 / 9.7	1972 / 100.00	VENEZUELA TEL 8.25 15/12/1987 S	80	13.27 / 15.36	10.38
		US DOLLARS-UTD KINGDOM			
200	1978 / 100.00	UNITED KINGDOM 8.50 1/ 5/1985 S	83 5/8	14.36	10.42
150 / 150.0	1978 / 99.00	UNITED KINGDOM 8.875 1/ 5/1993 S	71 3/4	14.23 / 15.68	12.75
30 / 24.0	1973 / 100.00	AIRLEASE INT FIN 8.75 1/10/1988	74	14.75 / 18.83	11.82
20 / 12.0	1971 / 100.00	AIRLEASE INT FIN 9.00 1/ 8/1986	80 1/2	14.60 / 18.96	11.18
30 / 30.0	1979 / 99.00	ALEXANDER HOWDEN FIN WW 9.50 1/ 6/1991	70	15.62 / 17.26	13.57
30 / 30.0	1979 / 99.00	ALEXANDER HOWDEN FIN XW 9.50 1/ 6/1991	60	18.58 / 20.93	15.83
75	1981* / 99.50	AMOCO (UK) EXPLORATION 13.25 15/ 1/1988	94 7/8	14.45	13.97
60 / 15.0	1977 / 100.50	ASHLAND OIL (GB) 7.50 1/ 5/1982	92 3/8	17.07	8.12
20 / 12.5	1972 / 99.50	B.I.C.C. FIN 7.75 1/ 2/1987	75 1/8	14.44 / 18.52	10.32
30 / 18.0	1971 / 100.00	BARCLAYS BANK INT 8.25 1/12/1986	80 1/8	13.57 / 17.24	10.30
50 / 50.0	1976 / 100.00	BARCLAYS BANK INT F 9.125 1/ 4/1985	79 1/2	16.75 / 19.08	11.48
25 / 25.0	1976 / 100.00	BARCLAYS BANK INT 9.125 15/ 4/1987	76	15.64 / 16.67	12.01
50	1975 / 100.00	BARCLAYS BANK INT 9.25 1/ 7/1982	91 7/8	18.05	10.07
100	1977 / 100.00	BARCLAYS O/S INV 8.50 15/ 9/1992	69 3/8	14.04	12.25
1	1967 / 100.00	BEECHAM INT 6.25 31/ 7/1981 S	94	51.96	6.76
45 / 26.0	1971 / 100.00	BEECHAM INT 8.25 1/ 2/1986	80 5/8	14.16 / 16.29	10.23
50 / 48.0	1977 / 100.00	BOWATER CORP 9.25 15/ 5/1992	72 1/2	14.38 / 15.45	12.76
30	1976 / 100.00	BOWATER CORP 9.75 15/ 7/1986	80 7/8	15.39	12.06
16 / 11.2	1972 / 99.00	BRITISH LAND 8.00 1/11/1987	71 1/2	15.23 / 20.26	11.19
50	1980* / 99.50	BRITISH OXYGEN FIN 10.75 15/ 7/1990	75 3/8	16.05	14.26
65 / 65.0	1977 / 100.00	BRITISH SHIPBUILDERS 9.00 1/11/1992	69	14.74 / 15.65	13.04
50 / 42.5	1974 / 99.00	BRITISH STEEL CORP 8.625 15/ 1/1989	77	15.63 / 15.91	11.20

Issued / Amt. o/s (mln)	Year of issue / Issue price	Borrower / Coupon maturity	Price	Yield to maturity / yld. to avge. life	Current yield
		US DOLLARS—FLOATING RATE (CONTINUED)			
25	1976 / 100.00	VIZCAYA INT 7.15:1/4 19.438 12/11/1981 S	100 1/2		18.34
25	1980* / 100.00	JIM WALTER INT 6:1/2 18.125 15/ 1/1988 S	98 1/4		18.45
40	1977 / 100.00	WILLIAMS & GLYNS 6.5:1/4 17.125 28/ 2/1984 S	100		17.13
75	1979 / 100.00	WILLIAMS & GLYNS 5.25:1/4 15.938 14/ 9/1991 S	98 1/8		16.24
		AUSTRALIAN DOLLARS			
15	1976 / 99.25	AUSTRALIAN IND DEV CORP 10.00 1/10/1983	91	14.74	10.99
30	1980* / 99.50	AUSTRALIAN IND DEVT CORP 12.25 15/10/1985	92 1/8	14.75	13.30
10	1977 / 100.00	AUSTRALIAN RESOURCES 10.00 1/12/1983	92 1/4	16.05	10.84
15	1978 / 100.00	CITICORP O/S FIN E88 10.50 15/ 2/1983	92 1/2	15.72	11.35
15	1979 / 99.50	CITICORP O/S FIN E89 11.00 1/ 2/1984	92 1/2	14.50	11.89
12	1978 / 100.00	BANK OVERSEAS HOLDINGS 11.50 1/ 7/1983	92 1/8	16.20	12.48
		AUSTRIAN SCHILLINGS			
150 / 45.0	1971 / 98.50	ASIAN DEVELOPMENT BANK 7.00 20/12/1983 S	97	8.50 / 10.55	7.35
350 / 326.7	1979 / 99.50	EUROFIMA 8.00 4/12/1994	88 3/4	9.50 / 10.32	9.01
400	1978 / 99.80	EUROPEAN INVESTMENT BANK 7.75 22/12/1986	87 3/4	10.77	8.83
350 / 350.0	1976 / 97.25	EUROPEAN INVESTMENT BK P 8.00 20/10/1986	93	9.71 / 10.94	8.60
500	1979 / 99.50	EUROPEAN INVESTMENT BANK 8.00 28/12/1989	85 3/4	10.59	9.33
300 / 300.0	1976 / 97.25	INTER-AMERICAN DEV BK D 8.00 17/12/1986	93 1/2	9.54 / 10.59	8.56
400	1979 / 99.50	INTER-AMERICAN DEV BANK 8.00 21/12/1989	85 1/2	10.65	9.36
1	1980 / 99.50	WORLD BANK 8.00 1/ 2/1990	87 1/2	10.23	9.14
		BAHRAINI DINARS			
12 / 12.0	1977 / 100.00	NAT ALGERIE NAV E82 8.75 1/ 8/1987	91	10.81 / 11.92	9.62
15 / 15.0	1977 / 100.00	PETROLEOS MEXICANOS E82 8.75 15/11/1987	93	10.26 / 10.78	9.41
		CANADIAN DOLLARS			
25	1977 / 99.50	AMERICAN HOSPITAL SUPPLY 8.75 15/10/1984	89 3/4	15.19	10.45
20	1977 / 100.00	AVCO FIN SERV-CANADA 9.50 1/ 6/1982	89 1/8	20.74	10.66
25	1979 / 99.25	AVCO FIN SERV-CANADA 10.25 15/ 5/1986	79	16.81	12.97
50	1980* / 100.00	BANKMONT REALTY CO 12.75 15/ 9/1988	86 7/8	15.87	14.68
10	1979 / 100.00	BANK OF BRITISH COLUMBIA 10.25 15/ 5/1989	77	15.46	13.31
30	1976 / 100.00	BANK OF MONTREAL 9.00 15/ 9/1982	91 7/8	16.33	9.80
30	1977 / 99.75	BANQUE CANADIENNE NAT 8.25 15/ 2/1982	93 1/8	19.26	8.86
15	1976 / 100.00	BANQUE CANADIENNE NAT 9.25 15/ 4/1982	92 7/8	18.67	9.96
20	1976 / 99.50	B.C CENTRAL CREDIT UNION 9.75 22/12/1981	95	19.52	10.26
25	1977 / 100.00	BM-RT 8.75 1/ 6/1982	91 5/8	18.63	9.55
60	1979 / 100.00	BELL-CANADA 10.75 1/10/1986	87	14.35	12.36
50	1977 / 99.00	BENEFICIAL FIN INT 9.00 15/ 2/1984	83 1/4	17.16	10.81
25	1975 / 100.00	BENEFICIAL FIN INT E79 9.75 15/12/1982	90 3/8	17.22	10.79
20	1975 / 100.00	BENEFICIAL FIN INT 10.25 15/10/1981	96 3/8	20.49	10.64
25	1977 / 100.00	BRITISH COLUM MFA E85(3) 9.00 1/ 6/1997	77 5/8	12.25	11.59
25	1975 / 99.00	BRITISH COLUMBIA M.F.A 9.25 30/ 6/1982	91 3/4	18.23	10.08
34	1979 / 100.00	BRITISH COLUM MFA E89/94 10.25 15/ 5/1999	77 3/8	13.69	13.25
20	1976 / 99.00	CALGARY POWER 9.75 15/ 5/1982	92 7/8	18.47	10.50
25	1976 / 100.00	CANADA PERM MORT CORP 9.75 1/11/1981	95 3/4	20.66	10.18
25	1976 / 100.00	CANADA TRUSTCO MORTGAGE 9.25 1/12/1981	95 1/2	18.95	9.69
35	1977 / 100.00	CANADIAN ACCEPTANCE P 9.375 15/10/1982	89 3/4	18.28	10.45
60	1980* / 100.00	CANADIAN IMP BK COMMERCE 11.50 15/ 7/1985	87 7/8	15.67	13.09
50	1980 / 99.50	CANADIAN IMP BK COMMERCE 13.50 15/ 5/1985	95 3/4	14.99	14.10
60	1977 / 99.25	CANADIAN NAT RAIL CO 8.875 1/ 3/1987	79 5/8	14.27	11.15
35	1976 / 100.00	CANADIAN PACIFIC SECS 9.25 15/ 4/1983	91 1/8	14.97	10.15
35	1975 / 100.50	CANADIAN PACIFIC SECS 9.75 15/12/1981	95 3/8	19.04	10.22
25	1977 / 100.00	CHRYSLER CREDIT - CANADA 9.25 15/ 6/1982	65	64.91	14.23
30	1976 / 99.00	CHRYSLER CREDIT - CANADA 9.50 15/10/1982	65	49.79	14.62
30	1977 / 100.00	CREDIT FONCIER F-CAN 8.75 15/ 2/1982	93 1/4	19.56	9.38
25	1976 / 100.00	CREDIT FONCIER F-CAN 9.75 15/ 7/1981	99	17.56	9.85
30	1979 / 100.00	CREDIT FONCIER F-CAN 10.375 15/ 9/1984	87 1/4	15.34	11.89
		CANADIAN DOLLARS (CONTINUED)			
15	1977 / 100.00	DRESSER IND (CANADA) P 8.50 15/ 3/1982	89 1/2	24.36	9.50
30	1976 / 100.50	EUROPEAN COAL & STEEL 9.00 15/ 3/1983	88 1/8	17.16	10.21
25	1977 / 100.50	EUROPEAN COAL & STEEL 9.00 15/ 4/1984	86 1/4	15.22	10.43
50	1979 / 100.00	EXPORT DEVELOPMENT CORP 10.00 15/ 5/1984	87 1/4	15.70	11.46
60	1980* / 100.00	FEDERAL BUSINESS DEV BK 11.50 15/ 7/1990	81 1/2	15.38	14.11
30	1979 / 100.50	FIRST CANADIAN INVEST 10.00 15/ 5/1984	86 1/4	16.19	11.59
20	1977 / 100.00	FORD MOTOR CREDIT-CANADA 8.50 15/ 5/1984	79 3/8	18.08	10.71
20	1977 / 99.50	FORD MOTOR CREDIT-CANADA 8.75 15/ 3/1987	72	16.47	12.15
50	1976 / 99.50	FORD MOTOR CREDIT-CANADA 9.25 1/ 2/1983	87 1/2	18.48	10.57
40	1976 / 100.00	FORD MOTOR CREDIT-CANADA 9.50 15/ 7/1982	91	19.00	10.44
5	1976 / 100.00	GENELCAN D 9.00 15/11/1981	95	20.94	9.47
10	1975 / 100.00	GENELCAN D 9.50 1/12/1982	90	17.46	10.56
25	1977 / 100.00	GENERAL FOODS LTD 8.50 1/ 5/1984	85 1/2	14.96	9.94
30	1976 / 100.50	GEN MOTORS ACCEPTANCE 9.00 15/10/1981	95 5/8	21.64	9.41
50	1976 / 100.00	GEN MOTORS ACCEPTANCE 9.00 1/ 2/1982	93 1/2	19.96	9.63
40	1976 / 100.00	GEN MOTORS ACCEPTANCE 9.25 1/ 6/1983	89 1/8	16.01	10.38
50	1975 / 100.00	GEN MOTORS ACCEPTANCE 9.50 15/10/1981	96	20.94	9.90
50 / 50.0	1976 / 100.00	GEN MOTORS ACCEPTANCE 9.50 1/ 2/1986	85 7/8	13.75 / 15.73	11.06
30 / 30.0	1976 / 100.00	GEN MOTORS ACCEPTANCE 9.75 15/10/1988	83	13.50 / 14.35	11.75
50	1980 / 99.75	GEN MOTORS ACCEPTANCE 12.00 15/ 6/1985	88 5/8	16.02	13.54
25	1977 / 100.00	WALTER E.HELLER (CAN) 9.50 15/ 7/1984	81 1/4	17.78	11.69
35	1975 / 100.50	HUDSON'S BAY 10.25 15/11/1981	95 7/8	19.90	10.69
60 / 60.0	1979 / 100.00	HUDSON'S BAY 10.50 15/ 4/1989	82 3/4	14.27 / 15.05	12.69
25	1977 / 100.00	INT HARVESTER CREDIT-CAN 8.75 1/ 2/1983	76	28.53	11.51
25 / 20.0	1976 / 99.50	INT HARVESTER CREDIT-CAN 9.75 15/ 4/1986	64	22.64 / 25.35	15.23
30	1975 / 100.50	INT HARVESTER CREDIT-CAN 10.25 1/ 9/1981	93	42.94	11.02
25	1976 / 100.00	THE CANADIAN FINANCE 9.50 1/ 8/1982	92	18.62	10.44
25 / 21.3	1976 / 100.00	THE CANADIAN FINANCE 10.00 1/ 8/1986	86 1/2	13.79 / 14.42	11.56
50	1976 / 99.50	KINROSS MORT-CORP 9.25 15/ 6/1982	91 3/8	19.08	10.12
20	1977 / 100.00	LAURENTIDE FIN CORP 9.50 30/ 6/1982	90 1/2	20.00	10.50
20	1976 / 99.00	LAVAL,CITY OF E85C 10.00 1/ 7/1996	84	12.39	11.90
25	1977 / 100.50	MAN HAN LEASING CANADA 8.25 15/ 5/1982	91	19.36	9.07
15 / 12.0	1975 / 99.50	MANITOBA,PROVINCE OF 9.25 30/ 4/1985	90	12.63 / 14.48	10.28
40	1979 / 99.00	MONTREAL,CITY OF 10.00 1/ 6/1989	76 1/2	15.28	13.07
5	1975 / 98.50	MONTREAL EAST,TOWN OF 9.75 18/ 7/1982	85	26.56	11.47
20 / 19.0	1975 / 100.00	NEWFOUNDLAND,PROVINCE OF 9.50 15/ 5/1983	92 1/8	14.37 / 14.46	10.31
30	1975 / 100.25	NEWFOUNDLAND,PROVINCE OF 10.25 15/12/1985	88	13.94	11.65
25	1976 / 100.00	NORANDA MINES 9.75 15/ 7/1982	91	19.27	10.71
20	1976 / 99.50	NORCEN 9.75 15/ 4/1983	89	17.02	10.96
18	1974 / 99.25	NOVA SCOTIA POWER E81C 9.50 1/ 7/1994	91 3/4	10.69	10.35
30	1976 / 100.00	NOVA SCOTIA,PROVINCE OF 9.00 15/12/1983	87 1/8	15.41	10.33
35	1976 / 100.50	PANCANADIAN PETROL 9.75 15/11/1983	88 1/2	15.64	11.02
5	1975 / 98.50	POINTE-AUX-TREMBLES 9.75 18/ 7/1982	92	18.05	10.60
10	1976 / 100.00	PROVINCIAL BANK-CANADA 9.50 15/ 2/1982	93	20.78	10.22
15	1975 / 100.00	QUEBEC,CITY OF E82C 10.00 15/11/1995	90	11.43	11.11
15	1974 / 100.00	QUEBEC,CITY OF E79C 10.75 15/10/1994	94 1/2	11.56	11.38
50	1975 / 99.00	QUEBEC HYDRO-ELECTRIC 9.50 15/10/1981	96 3/4	18.61	9.82
50	1979 / 100.00	QUEBEC,PROVINCE OF 10.25 15/ 4/1986	85	14.75	12.06
15	1977 / 100.00	QUEBEC URBAN COMMUNITY 9.50 3/ 2/1982	91	25.14	10.44
15	1977 / 99.00	QUEBEC URBAN COMMUNITY 9.50 15/ 9/1984	83	16.54	11.45
15	1976 / 98.50	QUEBEC URBAN COMMUNITY 9.75 26/ 5/1983	87	18.09	11.21
20	1977 / 100.00	BANK OVERSEAS HOLDINGS 9.50 15/ 6/1982	90	21.10	10.56
40	1977 / 100.00	ROYAL BANK OF CANADA 8.00 15/ 2/1984	88 7/8	13.09	9.00
35	1976 / 100.00	ROYAL BANK OF CANADA 8.75 1/ 4/1982	94 3/8	16.34	9.27
40 / 40.0	1977 / 100.00	ROYAL BANK OF CANADA 9.00 15/ 2/1992	74	13.76 / 14.43	12.16
		CANADIAN DOLLARS (CONTINUED)			
35 / 32.0	1976 / 100.00	ROYAL BANK OF CANADA 9.50 1/ 4/1988	89 1/2	11.81 / 12.48	10.61
40	1979 / 100.50	ROYAL BANK OF CANADA 10.00 15/ 5/1986	89 3/8	13.03	11.19
40 / 40.0	1979 / 100.00	ROYAL BANK OF CANADA 10.00 15/ 5/1994	79 1/8	13.49 / 13.61	12.64
20	1976 / 100.00	ROYAL TRUST CO MORTGAGE 9.75 1/ 9/1982	91	18.25	10.71
30	1976 / 100.50	ROYFOR 9.75 1/ 2/1982	94 1/4	19.35	10.34
20	1976 / 99.50	ROYNAT 9.50 1/ 7/1981	98 5/8	25.91	9.63
20	1976 / 99.50	SIMPSON-SEARS ACC.CO 9.75 1/ 8/1983	86 3/4	17.53	11.24
25	1976 / 100.00	TEXASGULF CANADA 9.50 15/ 6/1982	93	17.36	10.22
25 / 21.3	1976 / 99.25	TEXASGULF CANADA 10.00 15/ 6/1986	91	12.50 / 12.93	10.99
50	1976 / 100.50	TORONTO-DOMINION BANK 9.00 1/ 4/1982	94 5/8	16.24	9.51
35	1975 / 100.50	TORONTO-DOMINION BANK 9.75 1/11/1981	96 1/8	19.61	10.14
30	1980 / 99.50	TORDOM CORPORATION 13.50 15/ 5/1985	93 3/8	15.87	14.46
25	1976 / 100.00	TRADERS GROUP 9.75 15/ 3/1982	91 3/4	21.93	10.63
30	1976 / 100.00	UNION CARBIDE OF CANADA 9.25 1/ 5/1982	92 3/8	18.95	10.01
30 / 24.0	1976 / 99.00	UNION CARBIDE OF CANADA 9.75 1/ 5/1986	87 5/8	13.32 / 13.77	11.13
		EUROGUILDERS			
60	1977 / 99.50	AKZO 7.50 1/10/1984	85 1/4	13.30	8.80
50	1976 / 99.50	AKZO 10.00 1/10/1981	99 1/8	12.37	10.09
75	1978 / 99.50	ALGEMENE BANK 6.25 15/ 5/1983	92 1/2	10.68	6.76
75	1979 / 100.00	ALGEMENE BANK 8.25 15/ 9/1984	95 1/8	10.03	8.67
100	1981* / 99.50	ALGEMENE BANK 10.25 1/ 3/1986	95 5/8	11.47	10.72
75	1976 / 99.75	ALUSUISSE INT 8.25 15/ 3/1983	97 5/8	9.72	8.45
75 / 75.0	1979 / 100.00	AMEV 8.50 1/10/1986	87 3/8	11.79 / 12.40	9.73
75	1975 / 99.50	AMRO BANK 8.25 15/ 9/1981	99 1/4	10.65	8.31
75	1976 / 99.50	AMRO BANK 9.25 1/11/1981	99	11.49	9.34
70	1978 / 100.00	AMRO BANK 7.00 1/ 3/1983	94 1/2	10.55	7.41
60	1980 / 100.00	AMRO BANK 10.25 1/ 6/1985	98 3/4	10.65	10.38
60	1980* / 99.00	AMRO BANK 10.25 1/ 1/1986	97 1/8	11.04	10.55
75	1976 / 99.75	ASIAN DEVELOPMENT BANK 8.25 1/ 3/1983	95	11.50	8.68
100	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.00 1/ 6/1983	97 1/2	9.42	8.21
75	1977 / 99.75	AUSTRIA,REPUBLIC OF 7.25 15/11/1984	88 7/8	11.27	8.16
70	1975 / 100.00	AUSTRIA,REPUBLIC OF 8.25 15/ 7/1982	95 3/4	12.46	8.62
75	1975 / 100.00	AUSTRIA,REPUBLIC OF 8.25 1/ 3/1982	97 5/8	12.59	9.48
50	1975 / 99.25	AUSTRIAN ELECTRICITY 8.75 15/ 5/1982	96 3/4	12.52	9.04
75	1978 / 100.00	BANK MEES & HOPE 7.00 1/ 4/1983	94 3/4	10.25	7.39
75	1977 / 100.00	BANK MEES & HOPE 7.75 15/ 5/1982	96 1/4	12.10	8.05
60	1975 / 99.75	BANK MEES & HOPE 8.25 15/12/1981	98	12.03	8.42
75	1980* / 100.00	BANK MEES & HOPE 10.00 1/ 8/1985	95	11.55	10.53
75	1978 / 99.50	BRAZIL,REPUBLIC OF 7.50 1/ 7/1983	82 5/8	18.19	9.08
75	1978 / 99.00	C.F.E. - MEXICO 7.75 1/ 8/1983	89 1/2	13.61	8.66
60	1975 / 99.50	DUTCH STATE MINES 9.25 1/ 4/1982	97 7/8	11.97	9.45
40 / 20.0	1976 / 99.50	EERSTE NEDER CEMENT 8.50 15/ 4/1983	94 5/8	11.83 / 13.07	8.98
50	1975 / 99.75	EUROFIMA 8.50 1/ 5/1982	96 5/8	12.56	8.80
60	1976 / 99.75	EUROPEAN COAL & STEEL 8.00 15/ 2/1983	95 3/8	11.06	8.39
50 / 20.0	1972 / 100.00	EUROPEAN INVESTMENT BANK 6.00 15/ 9/1982	95	10.27 / 13.01	6.32
75	1978 / 99.50	EUROPEAN INVESTMENT BANK 7.25 1/10/1985	84 5/8	11.97	8.57
75	1976 / 99.75	EUROPEAN INVESTMENT BANK 8.00 15/ 4/1983	95 5/8	10.67	8.37
75	1977 / 100.00	EUROPEAN INVESTMENT BANK 8.00 15/ 2/1984	93 1/8	11.03	8.59
75	1978 / 99.00	EUROPEAN INVESTMENT BANK 8.25 1/ 1/1986	88 3/4	11.51	9.30
75	1975 / 100.00	EUROPEAN INVESTMENT BANK 9.00 1/ 3/1982	97 1/2	12.53	9.23
25 / 25.0	1979 / 99.50	FRIESCH-GRONINGSCHE HYPO 8.75 1/11/1986	86 1/8	12.38 / 13.32	10.16
60	1980* / 99.25	FRIESCH-GRONINGSCHE HYPO 9.75 1/ 9/1987	87 1/4	12.81	11.17
100	1980* / 99.50	HEINEKEN NV 10.00 15/ 7/1987	94	11.40	10.64
15 / 15.0	1979 / 100.00	LEASE PLAN NEDERLAND 9.00 1/10/1986	93	10.76 / 11.09	9.68
75	1977 / 99.50	MEXICO,UTD STATES OF 8.25 15/ 7/1982	93 1/8	15.27	8.86
		EUROGUILDERS (CONTINUED)			
75	1980* / 100.00	NATIONALE INVESTERS BANK 10.00 15/ 8/1987	92 1/2	11.75	10.81
60	1980* / 99.25	NATIONALE NEDERLANDEN 9.50 15/ 8/1987	90 7/8	11.62	10.45
60	1980 / 100.00	NATIONALE NEDERLANDEN 10.00 1/ 3/1987	97 7/8	10.49	10.22
60 / 60.0	1980* / 99.75	NATIONALE NEDERLANDEN 10.00 15/11/1987	93 3/4	11.39 / 11.71	10.67
60	1981* / 99.25	NATIONALE NEDERLANDEN 10.00 1/ 2/1988	93 3/8	11.45	10.71
25	1980 / 99.50	NEDERLANDSE CREDIETBANK 10.00 15/ 3/1985	95 5/8	11.46	10.46
40	1981* / 100.00	NEDERLANDSE CREDIETBANK 11.25 1/ 5/1986	98 1/2	11.66	11.42
75	1978 / 99.50	NEDER MIDDENSTANDSBANK 6.50 1/ 6/1983	94	9.94	6.91
75	1979 / 100.00	NEDER MIDDENSTANDSBANK 8.25 1/ 4/1984	95 7/8	9.97	8.60
75	1980* / 99.50	NEDER MIDDENSTANDSBANK 10.00 15/ 9/1985	94 1/2	11.66	10.58
50	1979 / 99.50	NEDERLANDSE GASUNIE P 8.75 1/ 7/1984	95 5/8	10.47	9.15
60 / 60.0	1980* / 100.00	NEDERLANDSE GASUNIE 10.25 15/11/1987	95 3/8	11.26 / 11.51	10.75
25 / 25.0	1980* / 99.50	NEDERLANDSE GASUNIE-OGT 10.25 15/10/1987	94 7/8	11.39 / 11.67	10.80
75	1978 / 100.00	NEW ZEALAND,GOVT OF 6.75 1/ 7/1984	88 3/8	11.41	7.64
75	1977 / 99.75	NEW ZEALAND,GOVT OF 8.00 1/ 3/1983	96 1/4	10.40	8.31
75	1975 / 100.00	NEW ZEALAND,GOVT OF 8.25 15/11/1981	98 1/8	12.40	8.41
75	1975 / 99.00	NEW ZEALAND,GOVT OF 9.00 1/ 3/1982	97 1/2	12.53	9.23
100	1978 / 99.25	NORWAY,KINGDOM OF 6.50 1/ 4/1983	93 1/8	10.79	6.98
100	1977 / 99.50	NORWAY,KINGDOM OF 6.75 1/10/1982	93 1/2	12.23	7.22
100	1977 / 99.00	NORWAY,KINGDOM OF 7.75 1/ 4/1982	96 1/2	12.31	8.03
100	1979 / 99.50	NORWAY,KINGDOM OF 8.25 15/ 3/1984	94 1/8	10.77	8.76
100	1979 / 99.50	NORWAY,KINGDOM OF 8.25 1/10/1984	92 5/8	10.97	8.91
75	1976 / 99.50	NORWAY,KINGDOM OF 8.50 15/ 7/1981	99 5/8	11.19	8.53
75	1975 / 99.50	OSLO,CITY OF 8.25 1/ 7/1982	95 3/8	13.03	8.65
75	1976 / 100.00	OSLO,CITY OF 8.25 1/ 1/1984	92 3/4	11.60	8.89
75	1978 / 99.50	OSTERREICHE KONTROLLBANK 6.50 15/ 5/1985	83 7/8	11.83	7.75
75	1977 / 99.50	OSTERREICHE KONTROLLBANK 7.25 1/ 8/1982	94 3/8	12.65	7.68
75	1975 / 100.00	PHILIPS LAMPS 8.25 1/10/1981	98 7/8	11.50	8.34
75	1979 / 100.00	PHILIPS LAMPS P 8.25 15/10/1984	95 1/4	9.94	8.66
60	1977 / 99.75	PIERSON HELDRING PIERSON 7.25 1/ 6/1982	96 1/8	11.55	7.54
40	1976 / 99.25	PIERSON HELDRING PIERSON 10.00 1/10/1981	99 1/2	11.21	10.05
50	1981* / 99.50	PIERSON HELDRING PIERSON 10.25 1/ 3/1986	95 3/8	11.54	10.75
25	1979 / 99.50	RABOBANK 9.00 15/11/1984	98 1/4	9.58	9.16
75	1980* / 100.00	RABOBANK 10.50 1/ 7/1985	95 3/8	11.98	11.01
50	1977 / 100.00	SCHEEPVAART UNIE 8.25 1/ 4/1982	97 1/4	11.80	8.48
30	1976 / 99.75	SWEDISH EXPORT CREDIT 8.25 1/ 4/1983	94 3/4	11.54	8.71
75	1981* / 99.75	SWEDISH EXPORT CREDIT 11.25 1/ 4/1986	96	12.37	11.72
50	1975 / 100.00	SWEDISH INVESTMENT BANK 9.25 1/ 4/1982	97 3/8	12.64	9.50
60	1975 / 99.50	THYSSEN INVESTMENT 8.50 15/ 5/1982	97 1/4	11.67	8.74
50	1980 / 99.75	F VAN LANSCHOT 10.50 1/ 6/1985	95 3/8	12.02	11.01
60	1980* / 100.00	WESTLAND-UTRECHT HYPO 10.25 1/ 8/1987	92 3/8	12.05	11.10
100	1976 / 100.00	WORLD BANK 8.00 1/ 2/1983	95	11.39	8.42
100	1981* / 99.00	WORLD BANK 12.00 1/ 6/1986	99 3/4	12.07	12.03
		EURO COMPOSITE UNITS			
60	1974 / 100.00	EUROPEAN INVESTMENT BANK 8.00 18/ 1/1989	95 3/4	8.77	8.36
30	1973 / 99.50	EUROPEAN INVESTMENT BANK 8.375 27/ 9/1988	97 1/2	8.84	8.59
20	1973 / 98.00	MET ESTATES & PROP 8.75 15/11/1988	81 1/2	12.70	10.74
		EURO CURRENCY UNITS			
30 / 10.5	1972 / 99.50	BRAZIL,REPUBLIC OF 8.00 1/ 3/1984	97 3/8	9.09 / 9.56	8.22
60 / 27.0	1971 / 99.50	ENEL 7.25 1/ 5/1986	91 1/4	9.55 / 10.94	7.95
10 / 5.5	1971 / 99.50	INTERFRIGO 7.50 12/ 3/1986	96 3/8	8.44 / 8.94	7.78
25 / 14.0	1971 / 100.00	SOUTH AFRICA,REPUBLIC OF 8.00 1/ -/1986	96 1/8	9.01 / 9.55	8.32
		EURO UNITS OF ACCOUNT			
12 / 7.5	1975 / 100.00	A.P.E.L. 9.50 21/ 2/1985	98 7/8	9.85 / 10.06	9.61
16 / 16.0	1978 / 99.25	AUTOROUTES COTE BASQUE 7.00 10/ 7/1993	75 7/8	10.63 / 11.58	9.25
		EURO UNITS OF ACCOUNT (CONTINUED)			
30 / 22.3	1973 / 98.50	BASS CHARRINGTON 7.00 1/ 3/1991	77 1/8	10.91 / 11.92	9.08
15 / 10.0	1974 / 98.00	BRISA-AUTO-ESTRADAS 8.75 6/ 2/1989	93	10.08 / 10.74	9.41
17 / 13.9	1974 / 99.50	CONTROUTE 9.00 12/ 3/1989	94 3/8	10.06 / 10.45	9.54
20	1978 / 100.25	COPENHAGEN,CITY OF 7.00 2/ 5/1993	75 3/8	10.76	9.29
25	1979 / 99.75	COPENHAGEN,CITY OF 8.25 15/ 5/1991	85 5/8	10.66	9.64
20	1976 / 99.00	COPENHAGEN,CITY OF 8.75 15/ 6/1986	95 3/8	9.96	9.17
25	1975 / 99.50	COPENHAGEN,CITY OF 9.25 25/ 9/1985	97 5/8	9.92	9.48
15 / 4.5	1969 / 98.50	COPENHAGEN COUNTY AUTH 7.00 9/ 5/1984	145	7.89 / 8.31	7.16
12 / 5.6	1971 / 100.00	COPENHAGEN COUNTY AUTH 8.00 10/ 2/1986	147 1/4	8.19 / 8.30	8.06
20	1979 / 100.00	COPENHAGEN COUNTY AUTH 8.75 10/ 9/1991	89 1/8	10.52	9.82
20	1975 / 99.50	COPENHAGEN COUNTY AUTH 9.25 23/10/1985	97 5/8	9.91	9.48
20	1975 / 99.50	COPENHAGEN TELEPHONE 9.50 28/ 5/1985	97 1/2	10.29	9.74
20	1980* / 99.00	ELSAM 10.00 5/11/1987	96 3/8	10.78	10.38
25	1976 / 100.00	ENSO-GUTZEIT 9.25 10/ 2/1984	97 1/8	10.49	9.52
20 / 8.0	1971 / 99.75	ESCOM 8.25 11/ 6/1986	147	8.48 / 8.70	8.33
20 / 7.0	1966 / 99.38	EUROPEAN COAL & STEEL 5.75 1/ 2/1986	138	7.57 / 8.64	6.18
10	1976 / 99.00	[illegible] TELEPHONE CO 9.80 15/ 9/1984	96 5/8	10.22	9.31
15 / 8.0	1975 / 99.75	G.I.S. 9.75 10/ 4/1983	98 1/8	10.88 / 11.22	9.94
11 / 11.0	1979 / 100.00	GOTHENBURG,CITY OF 9.125 15/11/1989	91 1/8	10.75 / 11.11	10.01
10 / 2.7	1964 / 98.00	GREATER COPENHAGEN 5.625 15/ 4/1984	138	8.46	6.05
18	1975 / 100.00	HELSINKI,CITY OF 10.00 31/ 1/1983	98 3/8	11.04	10.17
12 / 9.9	1973 / 100.00	ICELAND,REPUBLIC OF 8.50 24/10/1988	91 7/8	10.09 / 10.50	9.25
15 / 10.3	1976 / 100.00	ICELAND,REPUBLIC OF 9.25 20/ 2/1983	97 7/8	10.60 / 10.94	9.45
12	1976 / 100.00	ICELAND,REPUBLIC OF 9.25 16/ 7/1986	97 7/8	9.78	9.45
12	1974 / 99.50	ICELAND,REPUBLIC OF E79C 10.00 20/12/1994	99 5/8	10.04	10.04
25	1977 / 100.25	IMATRAN VOIMA 8.50 20/ 6/1987	90 3/4	10.64	9.37
20	1975 / 99.75	IMATRAN VOIMA 9.75 25/ 3/1985	98 3/8	10.26	9.91
15 / 15.0	1978 / 100.00	INDUSTRIAL BANK-FINLAND 7.00 5/ 4/1993	73 7/8	11.05 / 12.67	9.48
15 / 12.0	1975 / 99.00	IND MORE BANK OF FINLAND 9.50 7/11/1983	98 1/8	10.35 / 10.80	9.68
25 / 15.6	1975 / 99.50	IRELAND,REPUBLIC OF 9.25 7/ 7/1982	97 3/8	11.87 / 12.53	9.50
20 / 14.0	1974 / 99.50	IRELAND,REPUBLIC OF 9.75 12/ 6/1984	98 7/8	10.19 / 10.30	9.86
15 / 14.1	1978 / 99.50	KOMMUNLANEINSTITUTET 7.50 12/10/1993	80 7/8	10.29 / 11.52	9.27
12 / 9.6	1978 / 100.00	KOMMUNLANEINSTITUTET 7.75 25/ 1/1993	87 5/8	9.54 / 10.58	8.84
9 / 8.5	1980* / 100.00	KOMMUNLANEINSTITUTET 9.50 25/ 9/1990	97 7/8	9.84 / 10.07	9.71
15 / 8.3	1969 / 97.00	MANITOBA,PROVINCE E84C 7.00 17/ 6/1989	142 1/4	7.71 / 8.18	7.30
30 / 28.7	1975 / 100.00	MANITOBA,PROVINCE OF 9.25 8/12/1985	98 1/8	9.75 / 9.90	9.43
25 / 25.0	1979 / 100.00	MORTGAGE BANK OF DENMARK 9.00 22/11/1991	89 7/8	10.63 / 10.99	10.01
12 / 2.0	1963 / 99.00	NORGES KOMMUNALBANK 5.50 15/ 1/1988	141 1/4	8.76	5.78
15 / 7.1	1971 / 98.75	NORGES KOMMUNALBANK 7.75 15/ 3/1986	146 1/4	8.11 / 8.33	7.86
12 / 8.8	1974 / 98.50	OSLO,CITY OF 8.875 1/ 4/1992	91 5/8	10.18 / 10.76	9.69
15 / 3.8	1974 / 100.00	OSLO,CITY OF 10.00 5/12/1981	99	21.81	10.10
25 / 18.8	1975 / 99.50	OSLO,CITY OF 9.25 15/10/1985	98 7/8	9.55 / 9.74	9.36
20 / 20.0	1978 / 99.50	PANAMA,REPUBLIC OF 8.25 2/10/1993	77 7/8	11.71 / 12.35	10.59
20 / 16.1	1974 / 98.00	PECHINEY UGINE KUHLMANN 8.75 22/ 2/1989	89 3/4	10.75 / 11.46	9.75
40 / 39.0	1979 / 100.00	QUEBEC,PROVINCE OF 9.25 17/12/1994	89 3/8	10.76 / 11.05	10.35
22 / 22.0	1978 / 99.50	S.D.R. - FRANCE 7.00 5/ 7/1993	74 5/8	10.86 / 12.34	9.38
24 / 24.0	1979 / 99.50	S.D.R. - FRANCE 8.50 27/ 6/1994	87 7/8	10.22 / 10.73	9.67
22 / 20.0	1975 / 100.00	S.D.R. - FRANCE 9.25 15/12/1985	97 1/4	10.00 / 10.38	9.51
25 / 17.0	1975 / 99.50	S.D.R. - FRANCE 9.50 5/ 5/1987	98 1/8	9.93 / 10.09	9.68
40 / 40.0	1979 / 99.50	S.F.T.E. 8.25 10/ 4/1989	88 3/8	10.48 / 11.03	9.34
8 / 4.1	1969 / 98.00	SCOTLAND HYDRO/ELECTRIC 8.00 10/12/1984	147	8.29 / 8.39	8.08
20 / 6.7	1970 / 98.00	SOUTH AFRICA,REPUBLIC OF 8.75 30/12/1982	147 3/4	8.99 / 9.18	8.79
20	1975 / 99.00	STATSFORETAG 9.25 29/12/1985	97 7/8	9.82	9.45
18	1980 / 99.00	UNION BANK OF NORWAY 9.50 5/ 3/1990	96 7/8	10.04	9.81
12 / 4.0	1969 / 98.00	WAINEY MANN INT FIN 7.00 13/ 6/1984	145	7.87 / 8.64	7.16
		FRENCH FRANCS			
150 / 150.0	1980* / 100.25	AEROPORT DE PARIS 13.125 20/ 8/1987	87 1/8	16.54 / 16.98	15.06
100 / 57.0	1975 / 99.25	AEROSPATIALE P 10.00 6/ 3/1985	86 1/8	14.89 / 17.46	11.61
120	1979 / 99.50	AIR FRANCE 11.00 15/ 9/1984	91 3/4	14.25	11.99
200	1981* / 100.00	AIR FRANCE 14.50 16/ 4/1986	93 1/4	16.39	15.55
250	1981* / 100.00	BANKAMERICA O/S FIN 14.50 30/ 4/1986	92 7/8	16.71	15.61
500	1981* / 100.00	B.F.C.E. 14.50 25/ 3/1986	93 1/4	16.59	15.55
100 / 72.0	1972 / 98.50	B.A.T. INT FIN 7.50 15/11/1987	65 3/4	16.46 / 18.89	11.41
100 / 68.0	1972 / 100.00	BASF TRANSATLANTICA 7.50 1/ 5/1987	67 3/8	16.54 / 19.29	11.13
50 / 34.0	1972 / 100.00	BASS CHARRINGTON 7.50 1/ 8/1987	66 1/4	16.63 / 19.20	11.32
100 / 76.0	1972 / 100.00	BRITISH LEYLAND MOTOR 7.50 30/ 9/1987	62 3/8	17.84 / 23.92	12.02
80	1975 / 100.00	CHARBONNAGES DE FRANCE 10.25 15/ 4/1982	94 1/8	17.95	10.89
400	1980* / 100.00	CHARBONNAGES DE FRANCE 13.875 16/12/1985	91 5/8	16.55	15.14
100 / 81.0	1972 / 98.00	CHARTER CONSOLIDATED O/S 7.50 1/10/1987	64 7/8	16.92 / 18.86	11.56
225	1980* / 100.00	CII-HONEYWELL BULL 14.25 28/11/1985	91 1/2	17.01	15.57
100 / 75.0	1972 / 100.00	CIMENTS LAFARGE 7.50 1/ 7/1987	67 1/2	16.30 / 19.99	11.11
125	1975 / 100.00	CREDIT FONCIER DE FRANCE 10.25 27/ 3/1982	93 3/8	18.11	10.98
100 / 70.0	1972 / 99.50	DENMARK,KINGDOM OF 7.50 1/ 9/1987	70	15.25 / 18.18	10.71
100 / 80.0	1973 / 100.00	DENMARK,KINGDOM OF 7.75 15/ 4/1988	67 3/4	15.74 / 17.85	12.44
400	1980 / 100.00	ELECTRICITE DE FRANCE 14.25 15/ 4/1985	94	16.42	15.16
150 / 150.0	1978 / 99.50	ELF AQUITAINE 9.75 14/12/1988	71 1/4	16.68 / 17.47	13.68
100 / 82.0	1973 / 98.50	ENSO-GUTZEIT 8.00 16/ 7/1988	68	15.77 / 19.07	11.76
150	1979 / 100.00	EURATOM 9.75 31/ 5/1987	74 1/4	16.90	13.13
120	1980 / 100.00	EUROFIMA 13.50 22/ 5/1987	87 3/4	16.91	15.38
150 / 90.0	1972 / 99.00	EUROPEAN COAL & STEEL 7.25 1/ 4/1987	70 1/2	15.21 / 20.25	10.28
150 / 142.5	1973 / 99.50	EUROPEAN COAL & STEEL 7.50 1/ 7/1981	60	15.62 / 17.31	12.50
125 / 105.0	1975 / 100.50	EUROPEAN COAL & STEEL 10.00 15/ 6/1982	92 7/8	18.04 / 18.43	10.77
150	1980 / 99.00	EUROPEAN COAL & STEEL 14.25 3/ 4/1986	93 1/8	16.37	15.30
175 / 140.0	1972 / 99.75	EUROPEAN INVESTMENT BANK 7.25 1/ 8/1987	68 3/4	15.44 / 20.34	10.55
200 / 144.0	1973 / 99.25	EUROPEAN INVESTMENT BANK 7.25 15/ 5/1988	63 5/8	16.38 / 18.15	11.39
100 / 34.0	1971 / 100.00	EUROPEAN INVESTMENT BANK 7.75 10/12/1981	94 3/4	18.69	8.18
200	1978 / 99.50	EUROPEAN INVESTMENT BANK 9.75 1/10/1988	71 5/8	16.70	13.61
300	1980* / 99.50	EUROPEAN INVESTMENT BANK 14.125 7/ 1/1988	90 3/8	16.56	15.63
80	1979 / 100.00	FINLAND,REPUBLIC OF 11.00 15/10/1984	86 5/8	16.38	12.70
70 / 70.0	1979 / 99.75	FINLAND,REPUBLIC OF 11.50 15/10/1989	78 3/8	16.38 / 17.00	14.67
150	1979 / 99.50	GAZ DE FRANCE 11.00 30/10/1984	87 1/4	16.05	12.61
600	1981* / 100.00	GAZ DE FRANCE 13.875 15/ 2/1986	91 7/8	16.41	15.10
120	1979 / 99.50	IBM FRANCE 11.875 28/12/1984	87 7/8	16.34	13.51
60 / 19.7	1971 / 99.50	L'AIR LIQUIDE 8.25 15/10/1981	96 1/4	18.94	8.57
125 / 125.0	1980* / 99.50	LA REDOUTE 14.375 23/12/1985	92 1/8	17.25 / 17.82	15.78
150	1980 / 100.00	MEXICO,UTD STATES OF 14.00 1/ 6/1985	92 7/8	16.57	15.07
75 / 48.8	1972 / 98.25	MONTREAL CATHOLIC SCHOOL 7.50 1/ 3/1987	69 1/2	15.96 / 17.72	10.79
130	1975 / 100.00	NATIONALE DES AUTO E83 9.75 1/ 7/1987	89	12.80	10.96
125 / 75.0	1972 / 100.50	NATIONALE DES TELECOMM 7.50 1/ 3/1984	82 3/8	15.83 / 20.32	9.20
75 / 55.8	1972 / 98.00	NEW ZEALAND,GOVT OF 7.25 1/ 6/1987	68 7/8	15.60 / 19.32	10.58
200	1979 / 100.00	NORWAY,KINGDOM OF 9.25 20/ 2/1986	84 7/8	16.51	10.90
100 / 75.0	1972 / 99.25	NOVA SCOTIA,PROVINCE OF 7.50 15/ 7/1987	68 1/4	15.99 / 19.50	10.99
100 / 76.3	1972 / 99.50	OSLO,CITY OF 7.25 1/ 3/1987	68 1/8	16.13 / 19.31	10.64
400	1981* / 100.00	OSTERREICHE KONTROLLBANK 14.00 15/ 2/1986	91 3/4	16.59	15.26
130	1975 / 100.00	PARIBAS 10.25 15/ 7/1982	92 7/8	17.66	11.04
175 / 175.0	1979 / 101.50	P.S.A. PEUGEOT-CITROEN 9.75 1/ 2/1987	72 1/4	17.88 / 19.83	13.49
100 / 68.5	1972 / 100.00	PONT-A-MOUSSON 7.50 1/ 8/1987	67 3/4	16.20 / 21.66	11.07
125 / 98.0	1972 / 100.00	QUEBEC,PROVINCE OF 7.50 15/ 6/1987	68	16.18 / 22.25	11.03
80 / 53.6	1972 / 99.00	READY MIXED CONCRETE 7.75 25/10/1987	65 3/4	16.86 / 20.30	11.79
200 / 152.0	1972 / 99.50	RENAULT 7.25 15/ 3/1987	67 1/2	16.31 / 19.36	10.74
100	1979 / 100.00	RENAULT 9.75 6/ 3/1985	80 3/8	16.71	12.13
		FRENCH FRANCS (CONTINUED)			
500	1980* / 99.50	RENAULT 13.625 21/10/1985	90 5/8	16.72	15.05
100 / 70.0	1972 / 100.50	RHONE-POULENC 7.50 15/ 4/1987	65 3/4	16.10 / 19.20	10.91
130	1979 / 100.00	SAINT-GOBAIN-PONT-MOUS'N 9.75 15/ 5/1986	76 5/8	17.10	12.72
125	1979 / 100.50	SOLVAY ET CIE 9.75 18/ 4/1987	75 5/8	16.51	12.89
200	1981* / 100.25	SOLVAY & CIE 14.75 13/ 3/1986	99 3/8	14.89	14.84
550	1980* / 100.00	S.N.C.F. 13.125 19/ 6/1985	90 5/8	16.45	14.48
100 / 82.0	1973 / 99.50	STAR EUROPEAN FIN 8.00 15/ 6/1988	66 3/4	16.26 / 20.88	11.99
400	1980* / 100.00	SWEDEN,KINGDOM OF 13.875 1/ 8/1985	88 3/8	16.93	14.57
250 / 250.0	1981* / 100.00	SWEDISH EXPORT CREDIT 14.625 8/ 4/1986	93	16.80 / 17.20	15.73
100	1975 / 100.00	PECHINEY UGINE KUHLMANN 10.00 5/ 1/1982	94 3/4	19.70	10.55
150	1979 / 99.75	TOTAL OIL MARINE 9.375 15/ 3/1987	73 1/2	16.86	12.76
120	1980* / 100.00	TRADEVEST BK & TRUST CO 13.50 1/10/1985	88 3/4	17.31	15.21
100	1978 / 100.00	UNILEVER NV INVEST 10.00 17/11/1985	79 3/4	16.73	12.54
125 / 87.5	1976 / 100.00	PEUGEOT 10.00 10/ 2/1983	93 5/8	14.40 / 15.92	10.68
200	1980* / 100.00	WESTLAND-UTRECHT HYPO 14.00 12/11/1985	91 3/8	16.81	15.32
150 / 120.0	1972 / 99.75	WORLD BANK 7.25 15/ 6/1987	67 3/4	15.94 / 21.55	10.70
		HONGKONG DOLLARS			
300	1977 / 100.00	HONGKONG LAND INTL 7.25 1/ 6/1985	79	14.53	9.18
200	1977 / 100.00	JARDINE MATHESON BERMUDA 7.25 15/ 6/1985	79	14.46	9.18
150	1977 / 100.00	MANITOBA,PROVINCE OF 6.875 15/ 6/1982	93	14.53	7.39
		JAPANESE YEN			
15	1978 / 100.00	ASIAN DEVELOPMENT BANK 5.75 1/ 9/1988	79 3/4	9.76	7.21
15	1981* / 99.38	ASIAN DEVELOPMENT BANK 8.25 15/ 4/1991	97 7/8	8.57	8.43
10	1979 / 99.50	EUROFIMA 6.50 15/ 4/1986	91 1/8	8.81	7.13
10	1980* / 100.00	EUROFIMA 8.75 1/11/1988	99 3/4	8.78	8.77
10	1977 / 100.00	EUROPEAN INVESTMENT BANK 7.25 1/ 3/1984	96 3/4	8.54	7.49
15	1979 / 99.25	EUROPEAN INVESTMENT BANK 7.75 1/ 9/1989	92	9.16	8.42
15	1980* / 99.50	EUROPEAN INVESTMENT BANK 8.75 15/12/1990	99 5/8	8.80	8.78
15	1980* / 100.00	FINLAND,REPUBLIC OF 8.375 1/ 6/1987	98 1/8	8.79	8.54
15	1980* / 100.00	SWEDEN,KINGDOM OF 8.50 1/ 8/1990	98 3/4	8.70	8.61
20	1977 / 100.00	WORLD BANK 6.25 15/ 8/1984	92 3/4	8.93	6.74
20	1981* / 100.00	WORLD BANK 8.75 20/ 2/1991	99 3/4	8.78	8.77
		KUWAITI DINARS			
2 / 2.0	1977 / 100.00	AFRICAN DEVELOPMENT BANK 8.75 15/ 5/1987	92 1/2	10.50 / 10.71	9.46
3	1977 / 100.00	AFRICAN DEVELOPMENT BANK 8.50 15/ 5/1987	95 3/4	9.46	8.88
4 / 4.0	1979 / 99.75	ASEA 8.00 1/10/1989	88 1/2	10.09 / 10.73	9.04
6	1975 / 99.50	AUTOPISTAS E80 11.00 15/ 4/1985	98 1/2	11.48	11.17
5	1977 / 100.00	AUTOPIST VASCO-AVASA E83 8.75 15/11/1987	94 3/4	9.86	9.23
10	1978 / 100.00	BANCO NAC CRED RURAL E85 8.25 15/ 6/1990	90 1/2	9.68	9.12
7	1978 / 100.00	BANCO NAC DE OBRAS E85 8.25 15/ 4/1990	90	9.99	9.17
6	1976 / 99.75	BANCO NAC DE OBRAS E81 8.50 15/ 4/1986	90 1/2	11.11	9.39
5	1976 / 99.75	BANK HANDLOWY W WARS E81 8.75 15/ 2/1986	89	11.50	9.83
4	1977 / 99.00	BANK HANDLOWY W WARS E82 9.00 1/ 4/1987	97	9.68	9.28
5 / 1.5	1976 / 99.75	BEOGRADSKA BANKA 9.00 15/ 3/1981	99 1/4	12.37	9.07
7 / 7.0	1978 / 99.50	BQUE DEVT ECON TUNISIE 8.00 15/12/1985	88 1/2	11.35 / 11.77	9.04
7 / 5.3	1976 / 100.00	BQUE DEVT ECON TUNISIE D 8.50 15/ 7/1981	99 1/4	14.29	8.56
8	1978 / 100.00	BQUE NAT D'ALGERIE E85 8.25 15/ 6/1990	91 1/4	9.75	9.04
10 / 6.0	1973 / 100.00	BQUE NAT D'ALGERIE 8.50 1/ 7/1983	98	9.58 / 10.50	8.67
10 / 10.0	1979 / 100.00	B.N.P. 7.75 15/ 6/1989	83	11.04 / 12.32	9.34
10	1978 / 100.00	NAT ALGERIE NAVIGAT E86 6.50 15/11/1990	84	11.82	10.12
7 / .4	1976 / 100.00	NAT ALGERIE NAVIGAT E81 8.75 15/ 5/1986	93 1/4	10.56 / 11.56	9.38
10 / 10.0	1979 / 100.00	C.C.C.E. 8.00 15/ 9/1994	82 3/4	10.45 / 10.78	9.67
10	1979 / 99.50	CESP-COMP ENER S PLO E87 8.125 15/ 3/1991	87	10.28	9.34
6	1979 / 99.50	CREDIT LYONNAIS 8.00 15/10/1987	88	10.67	9.09
10 / 10.0	1978 / 99.38	CREDIT IMMOBILIER 8.375 1/ 8/1988	87 1/2	10.97 / 11.53	9.57

31st MAY 1981 WestLB Euro-Deutschmarkbond Quotations and Yields

Advertisement

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
8% ADELA 76/83	81.75	8.79	20.89	1.84	1. 4.83
7¼% ADELA 77/82 PP	86.00	8.43	23.89	1.04	16. 6.62
7% ADELA 77/82 PP	85.00	8.24	22.92	1.17	1. 8.82
7¾% African Dev. Bank 79/88	83.00	9.34	12.53	5.00	1. 6.86
8% African Dev. Bank 79/87	85.00	9.41	11.40	6.42	1.11.87
6½% Airport Paris 69/84 PP (G)	90.25	7.20	13.18	1.71	1. 3.75-84D
9% AKZO 75/82 PP	96.75	9.30	14.21	0.67	1. 2.82
7¾% AKZO 78/83 PP	90.00	8.61	13.80	2.00	1. 6.83
6% AKZO 78/84 PP	82.50	7.27	13.65	2.64	1. 4.84
6½% AKZO 79/86 PP	80.00	8.13	12.28	4.75	1. 3.86
9% AKZO 80/90	92.50	9.73	10.32	8.96	15. 5.86—90S
8¼% Alusuisse Int'l. 75/83	96.00	8.59	10.93	1.66	1. 8.81—83D
5½% American Expr. Int'l. 79/87	78.50	7.01	10.78	5.62	15. 1.87
6¾% AMEX Int'l. 77/84 PP	87.00	7.76	12.44	2.84	1. 4.84
10% A.P.E.L. 74/81 (G)	99.25	10.08	11.33	0.50	1.12.77—81D
7¼% ARBED Finance 76/83 PP	90.00	8.61	12.75	2.42	1.11.83
6¾% ARBED Finance 77/87	74.25	9.09	13.23	6.00	1. 6.83—87S
7½% ARBED Finance 79/86 PP	82.00	9.15	12.27	6.34	1.10.86
9% ARBED Finance 80/87 PP	87.50	10.29	12.04	6.00	1. 6.87
8¾% Ardal-Sunndal 75/81 PP	99.75	8.77	11.37	0.09	due 1. 7.81
6¾% Ardal-Sunndal 77/89 PP	80.00	8.44	13.16	4.26	1. 7.82—89D
7½% Argentina 77/84	84.00	8.93	12.76	3.34	1.10.84
6½% Argentina 78/85	80.25	8.10	13.53	3.75	1. 3.85
6½% Argentina 78/88	75.00	8.67	13.36	5.29	1.11.84—88D
7½% Argentina 79/89	78.75	9.52	11.76	7.92	1. 5.85—89S
7% Asian Dev. Bk. 69/84	97.00	7.22	8.22	3.25	1. 9.75—84S
8% Asian Dev. Bk. 76/82	97.00	8.25	12.29	0.75	1. 3.82
7¾% Asian Dev. Bk. 76/83 PP	92.00	8.42	12.87	1.84	1. 4.83
7% Asian Dev. Bk. 77/85	86.50	8.09	11.53	3.84	1. 4.85
5½% Asian Dev. Bk. 78/88	73.50	7.48	11.20	6.92	1. 5.88
7¼% Asian Dev. Bk. 79/89	81.75	8.87	10.70	8.17	1. 8.89
8¾% Asian Dev. Bk. 80/90	86.50	9.68	10.70	9.42	1.11.90
10% Asian Dev. Bk. 80/90	97.75	10.23	10.39	8.22	1. 5.90
10% Asian Dev. Bk. 81/91	97.75	10.22	10.36	9.83	1. 4.91
7½% Aumar 73/88 (G)	91.00	8.24	10.95	3.40	1. 2.79—88D
9% Aumar 76/84 (G)	94.25	9.55	11.20	3.21	15. 8.77—84S
7¾% Aumar 77/84 (G)	89.00	8.71	12.23	3.09	1. 7.84
6½% Australia 67/82	99.95	6.50	6.50	1.42	1.11.73—82S
6¾% Australia 68/83	99.90	6.76	6.31	2.17	1. 8.74—83S
6½% Australia 69/84	99.50	6.53	6.51	2.67	1. 2.75—84S
7¼% Australia 69/84	99.50	7.29	7.55	3.42	1.11.75—84S
7% Australia 72/87	96.00	7.29	7.89	5.67	1. 2.78—87S
9% Australia 75/82	97.35	9.24	13.19	0.67	1. 2.82
8¼% Australia 76/82 I PP	96.25	8.57	13.18	0.84	1. 4.82
8¼% Australia 76/82 II PP	96.25	8.57	12.78	0.92	1. 5.82
7¼% Australia 76/83	95.50	7.59	10.14	1.75	1. 3.83
5¼% Australia 77/82 PP	90.75	5.79	13.18	1.34	1.10.82
5¾% Australia 77/89	74.25	7.74	10.49	8.42	1.11.85—89S
6% Australia 78/88	78.40	7.65	10.37	7.25	1. 9.88
8% Australia 80/87 PP	90.50	8.84	10.64	6.50	1.12.87
8⅛% Australia 80/90	89.25	9.10	10.01	3.75	1. 3.90
6¾% Austr. Ind. Dev. Corp. 72/87	88.75	7.61	11.07	3.21	1.11.78—87D
7% Rep. of Austria 68/82	97.25	7.20	10.77	0.84	1. 4.73—82S
6½% Rep. of Austria 69/83	95.50	6.81	9.42	1.84	1. 4.75—83S
9¾% Rep. of Austria 74/81 PP	98.20	9.93	13.35	0.50	1.12.81
8¾% Rep. of Austria 75/82 PP	96.75	9.04	13.90	0.84	1. 4.79—82D
9% Rep. of Austria 75/83	98.25	9.16	10.10	1.67	1. 2.83
8¾% Rep. of Austria 75/83	95.50	9.16	12.60	1.32	1. 4.79—83D
8½% Rep. of Austria 75/87	96.75	8.79	9.23	5.92	1. 5.78—87S
7¾% Rep. of Austria 76/86	89.35	8.67	10.63	4.92	2. 5.83—86S
6¾% Rep. of Austria 77/85	89.00	7.58	10.35	3.84	1. 4.83—85S
7% Rep. of Austria 77/87 PP	86.25	8.12	12.04	3.47	1. 1.83—87D
6¾% Rep. of Austria 77/87 PP	85.25	7.92	12.06	3.56	1. 2.83—87D
6% Rep. of Austria 77/87 PP	81.25	7.38	11.36	4.69	1. 9.84—87D
5¾% Rep. of Austria 78/88 PP	80.50	7.14	11.09	5.02	15. 7.84—88D
5¾% Rep. of Austria 78/90	71.50	8.04	10.58	9.42	1.11.85—90D
6¾% Rep. of Austria 79/84 PP	87.00	7.76	11.76	3.25	1. 9.84
7% Rep. of Austria 79/87 PP	82.00	8.54	11.13	6.25	1. 9.87
6¼% Rep. of Austria 79/89 PP	81.00	7.72	11.41	5.01	1. 2.84—89D
7¼% Rep. of Austria 79/89 PP	80.00	9.06	11.05	8.25	1. 9.89
8¼% Rep. of Austria 80/86 PP	91.25	9.04	10.57	5.05	20. 6.86
8¼% Rep. of Austria 80/88 PP	89.50	9.22	10.42	7.06	20. 6.88
8¼% Rep. of Austria 80/90 PP	86.00	9.59	10.74	9.06	20. 6.90
7¾% Rep. of Austria 80/90 PP	81.00	9.57	11.14	9.21	1. 8.90
8¼% Rep. of Austria 80/92	85.00	9.71	11.00	8.68	1.10.87—92D
7% Autopistas Cataluna 78/85 PP	84.00	8.33	12.74	3.63	16. 1.85
7¼% Autopistas Espanola 69/84 (G)	91.25	7.95	10.92	3.09	1. 7.73—84S
8% Autopistas Espanola 71/86 (G)	91.25	8.77	12.27	2.07	1.10.77—86D
6¾% Autopistas Espanola 72/87 (G)	86.00	7.85	12.42	3.10	1.10.78—87D
7¼% Autopistas Espanola 79/85 PP (G)	84.25	8.61	12.76	2.75	1. 3.85
7¼% Banco N. Desarrollo 79/86 (G)	80.25	9.03	13.06	4.75	1. 3.86

WestLB SD Certificates (Schuldschein-Index)

5 years maturity: 11.60%

8% Banco N. Obras 71/86 (G)	92.75	8.63	9.99	5.42	1.11.77—86S
9% Banco N. Obras 76/81 (G)	99.10	9.08	12.41	0.25	1. 9.81
7¼% Banco N. Obras 77/82 PP (G)	92.75	7.82	14.10	1.21	16. 8.82
7% Banco N. Obras 77/82 PP (G)	92.00	7.61	13.67	1.38	16.10.82
7% Banco N. Obras 77/84 (G)	85.00	8.24	12.76	3.34	1.10.84
5¾% Bk. America Overs. Fin. 78/90	73.50	7.82	10.25	9.42	1.11.90
6% Bank of Tokyo 79/86 PP	81.75	7.34	11.21	4.67	1. 2.86
7½% Banque Ext. Algerie 77/83	91.50	8.20	11.76	2.37	15.10.81—83D
7¼% Banque Ext. Algerie 78/85	83.75	8.66	13.51	3.38	1.11.83—85D
7¼% Banque Nat. Algerie 78/83	91.50	7.92	12.92	1.75	1. 3.83
6¾% Barclays Overs. Inv. 79/89	79.00	8.54	10.83	7.92	1. 5.89
8% Barlow Rand Inv. 78/82 I PP	94.00	8.51	13.64	1.21	15. 8.82
8% Barlow Rand Inv. 78/82 II PP	93.00	8.60	14.21	1.29	15. 9.82
7½% BEC Finance 76/83 PP	90.75	8.26	12.08	2.42	1.11.83
8% Beecham Fin. 76/83	94.50	8.47	10.65	2.42	1.11.83
10½% Belgelectric Fin. 81/89	97.00	10.82	11.08	8.00	1. 6.89

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
6¾% Den Norske Ind. 77/89 (G)	86.50	7.10	11.50	3.04	1. 6.80—89D
6% Den Norske Ind. 78/90 (G)	80.50	7.45	11.1d	5.14	1. 5.83—90D
6¾% District Paris 69/84 (G)	91.25	7.12	10.19	2.84	1. 4.75—84D
7¼% E E C 76/83	95.25	7.61	10.19	1.84	1. 4.83
8¼% Electr. de France 80/88 PP (G)	58.50	9.22	10.54	7.42	1.11.88
7% Eletrobras 77/87 (G)	83.75	8.30	10.58	6.25	1. 9.83(83-87)
6¾% Eletrobras 78/80 (G)	74.00	9.12	14.60	4.84	1. 4.86
7% Eletrobras 79/87 (G)	72.75	9.62	14.31	5.67	1. 2.87
5¼% Elf Aquitaine 78/88	74.25	7.07	11.48	6.92	15. 5.86—88D
5¾% Elkem 78/88 PP	77.00	7.47	12.29	4.89	1. 6.84—88D
6¾% Ericsson 72/87	91.00	7.42	8.80	5.75	1. 3.78—87S
6½% ESCOM 68/83 (G)	91.75	7.02	12.81	1.29	1.10.74—83D
8½% ESCOM 70/85 (G)	94.75	8.97	11.21	2.27	1. 4.76—85D
8% ESCOM 71/86 (G)	88.75	9.01	13.63	2.63	1. 3.77—86D
6¼% ESCOM 72/87 (G)	81.00	7.72	13.24	3.57	1. 9.78—87D
7% ESCOM 73/88 (G)	87.50	8.00	11.30	3.71	1. 6.79—88D
8% ESCOM 78/84 PP (G)	88.50	9.04	12.23	3.42	1.11.84
8¾% ESCOM 79/84 I PP (G)	91.00	9.62	12.32	3.17	1. 8.84
8¾% ESCOM 79/84 II PP (G)	91.00	9.62	12.32	3.17	1. 8.84
9% ESCOM 80/87 PP (G)	91.50	9.54			1. 8.84—87D
9¼% ESCOM 80/87	91.00	10.16	11.27	6.41	1.11.87
7¾% ESTEL 73/88	89.00	8.71	9.96	7.17	1. 8.79—88S
8½% ESTEL 75/85	95.50	8.90	9.92	4.00	1. 6.81—85S
8½% ESTEL 76/83 PP	91.00	9.34	14.61	1.75	1. 3.83
6½% ESTEL 77/84 PP	78.00	8.33	15.17	3.42	1.11.84
6¼% ESTEL 77/84 PP	78.00	8.01	18.09	2.45	1.12.82—84D
6¼% ESTEL 78/85 PP	77.50	8.06	13.39	4.34	1.10.85
7¾% ESTEL 79/86 PP	80.00	9.69	13.33	5.17	1. 8.86
8⅛% ESTEL 79/86 PP	81.50	9.97	12.98	5.54	15.12.86
8⅞% ESTEL 80/87 PP	84.50	10.50	12.70	6.04	15. 6.87
5¾% Euratom 77/87	77.00	7.47	10.90	6.42	1.11.87
6¼% Euratom 79/91 PP	83.00	7.53	10.19	5.94	8. 2.84—91D
6½% Eurofima 67/83	94.00	6.91	10.40	1.74	1. 9.71—83D
6¾% Eurofima 72/87	87.00	7.18	10.77	3.60	1. 9.76—87D
6½% Eurofima 73/88	85.50	7.60	11.72	3.53	1. 3.77—88D
8% Eurofima 73/88	87.50	9.14	12.56	3.53	1.10.77—88D
8% Eurofima 76/83	96.00	8.33	10.68	1.67	1. 2.83
6¾% Eurofima 77/87 PP	86.00	7.85	11.70	3.56	1. 2.83—87D
5½% Eurofima 78/88	81.00	6.79	10.95	4.60	15. 2.84—88D
5½% Eurofima 78/88 PP	78.75	7.17	11.09	5.85	1.11.85—88D
6½% Eurofima 79/89	81.10	8.01	11.23	5.56	1. 2.85—89D
7% Eurofima 79/84 PP	88.75	7.89	11.20	3.33	1.10.84
7⅜% Eurofima 79/87 PP	83.50	8.83	11.12	6.34	1.10.87
8¼% Eurofima 80/87 PP	87.00	9.48	11.17	6.42	1.11.87
7⅞% Eurofima 80/88 PP	83.75	9.40	11.49	6.62	15. 1.88
6% Europ. Inv. Bank 69/84	91.25	6.58	12.12	1.71	1. 3.75—84D
7% Europ. Inv. Bank 69/84	94.00	7.45	10.93	1.85	1.11.75—84D
7½% Europ. Inv. Bank 71/86	91.90	8.16	11.42	2.64	1. 3.77—86D
7¾% Europ. Inv. Bank 71/86	91.10	8.51	11.78	2.67	1.10.77—86D
6½% Europ. Inv. Bank 72/87	85.00	7.39	11.28	3.10	1. 3.78—87D
6% Europ. Inv. Bank 72/87	84.75	7.08	11.38	3.60	1. 9.80—87D
6¾% Europ. Inv. Bank 73/88	88.00	7.67	9.22	6.67	1. 2.79—88S
7% Europ. Inv. Bank 73/88	87.50	8.00	9.50	7.09	1. 7.79—88S
10% Europ. Inv. Bank 74/81 PP	99.00	10.10	13.85	0.25	due 1. 9.81
9½% Europ. Inv. Bank 75/83	99.50	9.55	9.90	1.07	1. 1.81—83D
8% Europ. Inv. Bank 76/83	96.50	8.29	10.50	1.57	1. 7.80—83D
7¾% Europ. Inv. Bank 76/83 PP	92.25	8.40	11.68	2.34	1.10.83
6¾% Euorp. Inv. Bank 76/84	92.50	7.30	11.22	1.94	1.12.81—84D
6% Europ. Inv. Bank 77/89	82.00	7.32	11.43	4.39	1. 8.82—89D
6% Europ. Inv. Bank 78/88 I PP	75.00	8.00	11.25	7.17	1. 8.88
6% Europ. Inv. Bank 78/88 II PP	74.50	8.05	11.21	7.46	15.11.88
5¼% Europ. Inv. Bank 78/90	74.00	7.09	11.04	0.52	1. 3.85—90D
6% Europ. Inv. Bank 78/90	74.25	8.08	10.44	9.34	1.10.90P
7½% Europ. Inv. Bank 79/89	82.25	9.12	10.94	8.00	1. 6.89
7¾% Europ. Inv. Bank 79/89 PP	82.50	9.24	10.97	8.17	1. 8.89
6½% Europ. Inv. Bank 79/91	75.50	8.61	10.70	9.59	1. 1.91P
9¼% Europ. Inv. Bank 80/86	95.50	9.69	10.46	4.93	1. 5.86
7⅞% Europ. Inv. Bank 80/90	83.25	9.46	10.84	9.17	1. 8.90
8½% Europ. Inv. Bank 80/90	89.30	9.63	10.50	9.37	15.10.90
9% Europ. Inv. Bank 80/87 PP	94.00	9.57	10.29	6.46	15.11.87
9½% Europ. Inv. Bank 80/90	93.15	10.20	10.72	8.92	1. 5.90
9½% Europ. Inv. Bank 80/90	93.25	10.19	10.64	9.50	1.12.90
10½% Europ. Inv. Bank 81/91	100.60	10.50	10.49	9.83	1. 4.91
8¼% Europistas 71/86 (G)	91.50	9.02	12.59	2.55	1. 2.77—86D
8% Europistas 72/87 (G)	92.00	8.70	11.60	2.93	1. 1.78—87D
7½% Fin. Inst. f. Dan. Ind. 76/81 PP	97.00	7.73	13.81	0.50	1.12.78—81S
7% Finland 68/82	92.00	7.61	13.52	1.49	1. 6.72—83D
6¾% Finland 68/83	92.10	7.33	12.26	1.46	1.12.72—83D
7% Finland 69/84	92.00	7.61	12.21	1.77	2. 5.73—84D
7½% Finland 69/84	94.00	7.98	11.65	1.77	1.10.73—84D
7% Finland 72/87	93.50	7.49	8.61	5.84	1. 4.78—87S
8% Finland 76/84	97.75	8.18	8.89	3.00	1. 6.81—84S
5½% Finland 78/83 PP	89.25	6.16	13.02	1.67	1. 2.83
6% Finland 78/83	87.00	6.90	12.30	2.50	1.12.83
5¾% Finland 78/86	80.00	7.19	11.50	4.67	1. 2.86
8% Finland 79/86	87.50	9.14	11.11	5.54	16.12.86
10% Finland 81/89	97.25	10.28	10.52	7.91	1. 5.89
8½% Finn. Industriebank 80/90 (G)	88.50	9.60	11.34	5.64	1.11.83—90D
7½% Finn. Kommunal 69/81 (G)	98.50	7.61	10.93	0.50	1.12.72—81D
8% Finn. Kommunal 71/83 (G)	96.50	8.29	11.01	1.41	2. 5.76—83D
8¼% Forsmarks 75/83 (G)	94.60	8.72	12.20	1.57	1. 7.80—83D
5¾% Forsmarks 78/90 (G)	79.00	7.28	11.65	4.84	16. 1.83—90D
8⅞% Forsmarks 80/87 (G)	91.25	9.73	11.09	5.38	1.11.85—87D
7½% Francetel 76/83 (G)	92.25	8.13	11.35	2.38	16.10.83
6½% Francetel 77/84 PP (G)	85.00	7.67	11.96	2.84	1. 4.84
7% Fuji Heavy 76/81 PP	97.00	7.22	13.32	0.50	1.12.81
9¼% Gen. Zbk. Vienna 75/82 PP	96.00	9.64	15.08	0.75	1. 3.82
8½% Gen. Zbk. Vienna 76/83 PP	95.75	8.88	12.57	1.15	1. 2.82—83D
6% Gen. Zbk. Vienna 77/87	82.25	7.29	11.32	4.40	1.12.83—87D
7% Giroz. Vienna 76/81	97.75	7.16	12.57	0.42	1.11.81
7¼% Giroz. Vienna 76/83	90.50	8.01	11.95	2.42	1.11.83
5½% Giroz. Vienna 77/82	91.60	6.00	12.66	1.34	1.10.82
5¾% Giroz. Vienna 78/86 PP	79.00	7.28	11.17	5.34	1.10.86
6⅞% Giroz. Vienna 79/84 PP	88.00	7.81	11.53	3.21	16. 8.84
8⅞% Giroz. Vienna 80/87 PP	91.50	9.70	10.88	6.00	1. 6.87
6% G.I.S. 78/83 PP	91.50	6.56	11.59	1.75	1. 3.82—83D

WestLB

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Westdeutsche Landesbank Girozentrale
Leading Marketmakers in Eurobonds

7% Grand Metrop. Fin. 77/84	82.50	7.91	11.51	3.17	1. 8.81—84S
8% Guest-Keen-Nettl. 76/83	92.50	8.65	12.61	1.92	2. 5.83
6¾% Hamersley Iron 72/87	86.00	7.85	9.92	6.09	1. 7.78—87S
8¾% Hazama-Gumi 80/85 PP	92.50	9.46	11.15	4.04	16. 6.85
7% Helsinki 68/83	96.00	7.29	9.35	2.09	1. 7.72—83S
9% Hidroeléctr. Ibérica 80/90	90.50	9.94	11.26	5.96	1. 8.84—90D
5¾% Hitachi Shipbldg. 78/83	87.00	6.61	11.93	2.54	16.12.83
8⅜% Honeywell Bull 80/90	88.75	9.44	10.32	9.17	1. 9.90P
8¾% IAKW. Vienna 75/85 (G)	93.50	9.36	12.07	2.35	1. 5.80—85D
10% IBM 80/86 PP	100.50	9.95	9.85	4.84	1. 4.86
7¼% Iceland 69/84	96.25	7.53	8.92	2.82	1. 5.73—84S
7¾% Iceland 77/87	88.50	8.76	10.47	5.83	1. 4.80—87S
6½% I C I Int'l. 72/92	82.25	7.90	9.16	10.75	1. 3.78—92S
7½% I C I Int'l. 76/86	87.40	8.58	11.31	4.47	1.12.84—86D
6¾% I C I Int'l. 77/87	85.00	7.94	11.29	4.35	1. 5.84—87D
8% ICIPU 71/91 (G)	87.00	9.20	12.06	4.62	1. 1.77—91D
8% Imatran Voima 72/87 (G)	95.75	8.36	9.18	5.59	1. 1.78—87S
7% Indonesia 78/84	87.75	7.98	11.60	3.34	1.10.84
7¾% Ind. Dev. C. South-Afr. 78/82 PP (G)	92.50	8.38	17.19	0.92	1. 5.82
8% Ind. Dev. C. South-Afr. 78/83 PP (G)	91.25	8.77	13.03	2.09	1. 7.83
5% Industr. Bk. Japan 78/84	86.50	5.78	11.28	2.59	1. 1.84
7⅜% Ind. Fund of Finnland 79/87 PP	85.00	8.68	11.66	4.73	16. 9.84—87D
7½% Ind. Min. Dev. Iran 73/85	77.50	9.68	15.58	3.92	1. 5.78—85S
7¾% Ind. Min. Dev. Iran 77/87	70.75	10.95	15.50	6.09	1. 7.83—87S
7¼% Ind. Min. Dev. Iran 78/84	69.00	10.51	21.19	3.29	16. 9.84
8% Ind. Mtgebk. Finl. 71/86 (G)	91.25	8.77	12.06	2.84	1.12.77—86D
7% Ind. Mtgebk. Finl. 72/87 (G)	87.00	8.05	12.06	3.42	1. 7.78—87D
6¾% Int. Am. Dev. Bank 68/83	98.75	6.84	7.54	2.09	1. 7.72—83S
7% Int. Am. Dev. Bank 69/84	98.50	7.11	7.68	3.17	1. 8.75—84S
8½% Int. Am. Dev. Bank 70/85	96.25	8.83	9.82	4.25	1. 9.76—85S
6¾% Int. Am. Dev. Bank 72/87 I	91.25	7.40	8.68	6.00	1. 6.78—87S
6¾% Int. Am. Dev. Bank 72/87 II	89.50	7.54	8.96	6.42	1.11.78—87S
8% Int. Am. Dev. Bank 76/83 PP	92.50	8.65	13.10	1.71	16. 2.83
8¼% Int. Am. Dev. Bank 76/83 PP	93.75	8.80	11.78	2.09	1. 7.83
7% Int. Am. Dev. Bank 77/87	84.50	8.28	10.82	5.59	1. 1.83—87S
6¼% Int. Am. Dev. Bank 78/88	77.75	8.04	11.18	6.59	1. 1.88
7¾% Int. Am. Dev. Bank 79/86	87.00	8.91	11.23	5.09	1. 7.86
8% Int. Am. Dev. Bank 79/89 PP	85.25	9.38	10.81	8.12	15. 7.89
8% Int. Am. Dev. Bank 80/88	86.00	9.30	11.06	6.67	1. 2.88
10% Int. Am. Dev. Bank 81/91	99.50	10.05	10.07	9.75	1. 3.91
6¾% Int'l. Com'l. Bank 73/83	92.00	7.34	13.01	1.49	1. 6.79—83D
7½% Ireland 79/87 PP	83.00	9.04	11.62	5.92	1. 5.87
8⅛% Ireland 80/88	87.25	9.31	10.92	6.59	1. 1.88
7¾% ISCOR 71/86 (G)	90.50	8.56	10.48	5.00	1. 6.77—86D
7% ISCOR 72/87 (G)	86.50	8.09	12.04	3.16	1. 4.78—87D
7% ISCOR 73/88 (G)	85.00	8.24	12.50	3.52	1. 3.79—88D
8½% ISCOR 73/88 (G)	90.50	9.39	11.83	3.63	1.11.79—88D
7¾% ISCOR 78/82 PP (G)	95.75	8.09	13.37	0.84	1. 4.81—82D
8¾% ISCOR 78/84 PP (G)	90.00	9.17	11.98	3.38	16.10.84
7% Japan 68/83	99.00	7.07	7.75	1.75	1. 3.72—83S
8⅛% Japan Air Lines 80/87 (G)	89.75	9.05	10.36	6.46	16.11.87
7¼% Japan Dev. Bank 76/83 (G)	94.40	7.68	10.74	1.84	1. 4.83
7⅝% Japan Dev. Bank 80/87 (G)	86.00	8.87	10.80	6.25	1. 9.87
10¼% Japan Synthetic 80/85 PP	99.75	10.28	10.31	3.87	15. 4.85
8% Johannesburg 71/86 (G)	88.00	9.09	13.82	2.56	1. 9.77—86D
6¼% Johannesburg 72/87 (G)	83.00	7.53	13.47	3.00	1. 9.78—87D
7¾% Johannesburg 78/82 PP (G)	93.50	8.29	15.86	0.92	30. 4.82
7¼% Jydsk Telefon 69/84	90.25	8.03	11.14	3.29	15. 9.75—84S
6¾% Jydsk Telefon 72/87	91.25	7.40	8.74	5.75	1. 3.78—87D
7¼% Jydsk Telefon 73/88	90.75	7.99	9.15	6.67	1. 2.79—88D
9% Jydsk Telefon 75/82 PP	96.00	9.38	13.14	1.09	1. 7.82
8½% Jydsk Telefon 80/90	86.20	9.86	11.04	8.67	1. 2.90
6¾% Kansai Electric 69/84	96.50	6.99	8.36	2.75	1. 3.75—84S
7¾% Kansai Electric 71/86	97.75	7.93	8.32	4.92	1. 5.77—86S
6¾% KELAG 73/88	88.25	7.65	9.11	6.92	1. 6.79—88S
6¾% KHD Finance 72/87	91.00	7.42	8.79	5.92	2. 5.78—87S
7¾% Kjobenhavns H. Bank 76/83 PP	87.50	8.43	13.53	2.50	1.12.83
7½% Kjobenhavns Tel. 72/87	91.00	8.24	9.85	5.59	2. 1.78—87S
7% Kjobenhavns Tel. 72/87	88.25	7.93	9.70	5.92	1. 5.78—87S

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
9¾% Lonrho Intern. 80/87	95.25	10.24	10.57	5.92	2. 5.87
6½% Lufthansa Int'l. 79/86 PP	85.00	7.65	10.67	4.75	1. 3.86
7% Malaysia 72/84	91.50	7.65	12.12	1.56	1. 6.75—84D
6½% Malaysia 77/85	82.90	7.84	11.82	4.25	1. 9.85
9¾% Malmoe 75/84	96.00	9.64	12.02	1.63	1. 2.81—84D
8¾% Malmoe 76/83	94.50	8.73	13.27	1.24	1. 3.80—83D
6½% Manitoba 77/84	88.50	7.34	11.09	3.08	1. 7.84
6¾% Manit. Hydro El. 72/87	86.75	7.78	9.77	6.09	1. 6.78—87S
6¼% Megal Fin. Comp. 78/90	72.00	8.68	11.54	8.59	2. 1.85—90S
7% Megal Fin. Comp. 79/89	76.00	9.21	11.66	7.84	1. 4.87—89P
7% M E P C 73/88	86.00	8.14	11.89	3.70	1. 5.79—88D
7¼% Mexico 73/88	86.00	8.43	10.26	6.59	1. 1.79—88S
9% Mexico 75/82	96.50	9.33	12.00	1.09	1. 7.82
8% Mexico 76/83	93.50	8.60	12.15	2.00	1. 6.83
7¾% Mexico 77/84	90.75	8.54	11.57	2.00	1. 6.84
6% Mexico 78/85	83.50	7.19	11.55	3.84	1. 4.85
8¼% Michelin Finance 80/87 PP	90.50	9.07	10.85	6.40	16.11.87
8½% Midland Int. Fin. 80/90	88.75	9.58	10.42	9.37	15.10.90
6½% Mitsubishi Chemical 79/84	91.00	7.14	10.21	2.92	30. 4.84
5¾% Mitsubishi Petro 78/83	90.75	6.34	10.56	2.25	1. 9.83
7¼% Mitsui Toatsu 76/81 PP	98.00	7.91	14.83	0.29	due 15. 9.81
9% MODO 75/83	96.00	9.38	13.73	0.96	1. 6.80—83D
7% Montreal 69/89	89.50	7.82	10.35	4.08	1. 4.70—89D
6% Montreal 72/92	79.00	7.59	11.07	5.10	1. 9.73—92D
6¾% Montreal 73/93	79.00	8.54	9.80	12.60	1. 6.74—93S
8½% Montreal 76/86	90.75	9.37	10.96	5.09	1. 7.77—86S
7% Montreal 77/87	83.50	8.38	10.81	6.13	16. 7.78—87S
7½% Mortg. Denmark 69/84 (G)	97.75	7.67	8.44	3.42	1.11.75—84S
7% Mortg. Denmark 73/88 (G)	85.50	8.19	9.54	7.09	1. 7.79—88S
8½% Mortg. Denmark 80/90 (G)	86.25	9.86	10.90	9.09	1. 7.90
6¾% Mortg. Bk. Finl. 69/84 (G)	95.00	7.11	8.97	2.84	1. 4.73—84S
8¾% Nafi. Mexico 76/83 PP (G)	93.00	9.41	12.10	2.50	1.12.83
7% Nafi. Mexico 77/82 PP (G)	92.50	7.57	12.85	1.25	1. 9.82
8¾% Nafi. Mexico 77/84 (G)	93.50	9.30	11.60	2.75	1. 3.84
8¾% Nafi. Mexico 77/84 PP (G)	92.50	9.46	12.07	2.75	1. 3.84
8¼% Nat. Bk. Hungary 75/81	99.35	8.30	15.82	0.09	due 1. 7.81
6½% Nat. Bk. Hungary 77/85	78.50	8.28	13.20	4.42	1.11.85
7% Nat. Nederl. Fin. Mast 79/86 PP	84.25	8.31	11.04	5.34	1.10.86
8% Nat'l. Westm. Bk. 73/88	93.75	8.53	9.19	7.34	1.10.79—88S
8% Nederl. Gasunie 79/86	91.25	8.77	10.13	5.50	1.12.83—86
8½% Nederl. Gasunie 80/87	94.90	8.96	9.63	5.75	1. 3.84—87S
6¾% New Brunswick 72/87	92.50	7.30	8.29	6.42	1.11.78—87S
7¼% Newfoundland 69/84	94.25	7.69	9.60	3.17	1. 8.75—84S
7% Newfoundland 71/86	92.25	8.67	9.93	5.17	1. 8.77—86S
6¾% Newfoundland 72/87	91.25	7.40	8.56	6.43	1.11.78—87S
6½% Newfoundland 73/88	86.75	7.49	9.19	6.84	1. 4.81—88S
6¾% New Zealand 69/84	93.25	7.24	11.71	1.63	1. 2.75—84D
7½% New Zealand 71/86	92.50	8.11	10.23	2.82	1. 5.77—86D
7% New Zealand 72/87	90.00	7.79	11.04	3.02	1. 2.78—87D
7½% New Zealand 76/83	94.00	7.98	11.42	1.75	1. 3.83
7¾% New Zealand 76/86	91.00	8.52	11.10	3.31	1.11.83—86D
6¼% New Zealand 77/84	89.00	7.02	10.32	2.92	1. 5.84
5¼% New Zealand 78/86	79.75	6.58	10.92	4.75	1. 3.86
6% New Zealand 79/86 PP	80.50	7.45	11.62	4.67	1. 2.86
6¼% New Zealand 79/87	81.25	7.69	10.83	5.59	1. 1.87
7⅛% New Zealand 79/87	83.25	8.56	10.93	6.20	15. 9.87
8¼% New Zealand 79/84 PP	91.00	9.07	11.47	3.50	1.12.84
7⅞% New Zealand 80/88	86.00	9.16	10.78	7.12	15. 7.88
6¼% Nippon Housing Loan 79/84 PP	88.00	7.07	11.78	2.96	16. 5.84
6½% Nippon Kokan 79/84	87.15	7.40	12.10	2.24	1. 4.84
5¾% Nippon Steel 78/85	82.35	6.98	11.17	4.25	1. 9.85
8¾% Nippon T + T 75/82 (G)	97.50	8.97	12.29	0.75	1. 3.82
8¼% Nippon T + T 75/82 (G)	96.50	8.55	12.17	1.00	1. 6.82
7¾% Nippon T + T 76/83 (G)	94.25	8.22	10.61	2.34	1.10.83
5¼% Nippon T + T 79/87 (G)	73.00	6.96	10.60	5.67	1. 2.87
5¾% Norcem 78/85	82.00	7.01	11.56	3.75	1. 3.85

WestLB Euro-Deutschmarkbond Yield Index

May 29, 1981: 11.35% (April 30, 1981: 10.61%)

7¾% SAAB 71/86	93.25	8.31	9.70	5.00	1. 6.77—86S
7½% Saga Petrokjemi 77/87 PP	86.50	8.67	10.62	0.09	1. 7.83—87S
7½% Sandvik 72/87	88.25	8.50	12.38	3.00	1. 2.78—87D
9¼% Sandvik 75/83	97.00	9.54	11.35	1.67	1. 2.83
7% Sanko Steamship 77/84	89.50	7.82	11.77	2.67	1. 2.84
8¼% Seiyu Stores 80/86	89.00	9.27	11.35	4.75	1. 3.86
6½% Shell Int'l. 72/87	93.25	6.97	7.98	5.84	1. 4.78—87S
6¾% Shell Int'l. 77/89	85.25	7.92	10.35	5.57	1. 2.85—89D
7% Siemens Europe 66/81	99.25	7.05	8.72	0.42	1.11.70—81S
7% Singapore 72/82	94.75	7.39	12.67	1.09	1. 7.78—82S
6½% Singapore 77/83	87.25	7.45	14.56	1.92	1. 5.83
8½% Sira Kvina 70/85	95.25	8.92	11.06	2.44	1. 6.76—85D
6½% S.N.C.F. 68/83 (G)	92.25	7.05	10.37	2.34	1.10.72—83S
7½% Soc. Dev. Reg. 76/86 (G)	90.00	8.33	11.56	3.05	1. 4.80—86D
6¼% Soc. Dev. Reg. 77/92 PP (G)	76.50	8.17	11.51	6.60	16.12.83—92D
9% Soc. Mar. Fina 75/83 PP	94.50	9.52	13.53	1.40	1. 5.79—83D
6¼% Sorrente 79/84 PP	87.50	7.14	12.04	2.63	16. 1.84
6¾% South-Africa 69/84	99.50	6.78	7.06	2.84	1. 4.73—84S
8½% South-Africa 70/85	99.50	8.54	8.82	4.42	1.11.76—85S
7¾% South-Africa 71/86	96.60	8.02	8.73	5.42	1.11.77—86S
7% South-Africa 72/87	91.50	7.65	8.77	6.42	1.11.78—87S
9% South-Africa 80/87	93.75	9.60	10.43	6.09	1. 7.87
7¼% South-Afr. Oil Fund 78/81 I PP (G)	96.00	7.55	17.57	0.42	1.11.81
7¼% South-Afr. Oil Fund 78/81 II PP (G)	97.00	7.47	14.13	0.46	16.11.81
7¾% South-Afr. Oil Fund 78/82 I PP (G)	93.50	8.29	14.09	1.17	1. 8.82
7¾% South-Afr. Oil Fund 78/82 II PP (G)	93.50	8.29	13.46	1.29	16. 9.82
8% South-Afr. Oil Fund 79/83 PP (G)	91.00	8.79	12.48	2.42	1.11.83
7¾% South-Afr. Oil Fund 79/84 PP (G)	88.00	8.81	13.19	2.75	1. 3.84
7½% South-Afr. Railway 73/88 (G)	92.50	8.11	9.39	7.00	1. 6.79—88S
7¾% South-Afr. Railway 78/82 PP (G)	93.50	8.29	15.64	0.92	1. 5.82
8% South-Afr. Railway 78/83 I PP (G)	90.50	8.84	13.50	2.09	1. 7.83
8% South-Afr. Railway 78/83 II PP (G)	90.50	8.84	13.09	2.25	1. 9.83
7¾% South-Afr. Railway 78/83 PP (G)	90.00	8.61	12.60	2.50	1.12.83
7% South Scotl. El. 73/88 (G)	88.75	7.89	9.23	6.67	1. 2.79—88S
6¾% Spain 77/84	85.25	7.92	12.66	3.17	1. 8.84
6% Spain 78/88	76.00	7.89	11.15	6.92	1. 5.88
6% Sparbank Oslo 78/90 PP	80.25	7.48	11.81	4.59	16. 5.81—90D
7¾% Standard Imp. & Exp. 78/82 PP	94.00	8.24	13.57	1.17	1. 8.82
6½% Stand. Chart. Bank 78/88	79.50	8.13	11.02	6.59	1. 1.88
6% Statoil 78/88 (G)	78.50	7.64	10.35	7.25	1. 3.84—88S
6½% Statoil 79/89 (G)	79.75	8.15	10.42	7.75	1. 3.86—89S
7% Statsfoeretag 77/85	88.75	7.89	13.24	2.18	1. 3.82—85D

ISSUED/ EST. O/S ($M)	YEAR OF ISSUE/ ISSUE PRICE	BORROWER/ COUPON MATURITY	BOND PRICE/ SHARE PRICE	CUR. BOND YLD./ CUR. SHARE YLD.	PREMIUM/ DISCOUNT %/ FIRST A/C DATE
		CONVERTIBLES–SWEDEN			
25 / 25.0	1979 / 100.00	AGA AKTIEBOLAG 7.75 15/ 3/1989	123 5/8 / 227	6.27 / 1.50	-12.69
25 / 14.0	1979 / 100.00	[illegible] 7.75 15/ 5/1989	76 5/8 / 132	10.11 / 4.02	4.54
35 / 35.0	1977 / 100.00	SANDVIK 6.25 15/ 3/1988	100 1/2 / 227	6.22 / 1.74	-7.94
		CONVERTIBLES–SWITZERLAND			
60 / 60.0	1969 / 100.00	ALUSUISSE INT 4.75 1/ 3/1987	68 3/8 / 460.24	6.95	26.87
80 / 80.0	1980* / 100.00	ALUSUISSE CAPITAL LTD 6.50 15/ 1/1993	71 5/8 / 83 1/2	9.08	4.22
84 / 84.0	1978 / 100.00	BBC BROWN, BOVERI & CO 4.25 31/12/1993	62 3/8 / 240	6.79 / 1.74	-14.41
100 / 99.9	1979 / 100.00	CIBA-GEIGY O/S FIN 4.00 1/ 7/1994	62 1/2 / 833.23	6.40 / .30	1.20
100 / 28.0	1976 / 100.00	CREDIT SUISSE (BAHAMAS) 4.25 31/12/1991	103 / 1036.14	4.13	-4.20
100 / 70.0	1979 / 100.00	CREDIT SUISSE (BAHAMAS) 4.75 31/12/1993	81 1/2 / 1036.14	5.83	-2.71
24 / 23.9	1978 / 100.00	INTERSHOP O/S FIN 5.25 1/10/1990	70 3/8 / 367 1/2	7.43	[illegible]1984
41 / 41.2	1980* / 100.00	PARIBAS SUISSE (BAHAMAS) 6.25 31/12/1990	78 1/2 / 169.16	7.96 / 1.94	13.69
64 / 64.0	1976 / 100.00	SANDOZ OVERSEAS 4.75 31/12/1988	91 3/8 / 2945.58	5.18 / .08	19.42
120 / 120.0	1980* / 100.00	SWISS BANK CORP (O'SEAS) 6.25 31/12/1990	73 1/4 / 113.73	8.53 / 3.73	23.02
120 / 94.3	1977 / 100.00	UNION BANK SWITZ(LUX) 4.50 15/ 5/1987	131 / 1462.65	3.44 / .22	-4.17
115 / 115.0	1979 / 100.00	UNION BANK SWITZ(PANAMA) 5.00 15/ 5/1989	72 3/8 / 50.47	6.88	1.86
		CONVERTIBLES–U.K.			
35 / 35.0	1977 / 100.00	BABCOCK NEDERLAND 7.00 15/10/1992	111 / 121	6.31 / 5.79	-3.45
30 / 30.0	1977 / 100.00	BEECHAM FIN 6.75 15/ 9/1992	121 3/8 / 190	5.56 / 3.23	-8.07
30 / 30.0	1978 / 100.00	BOOTS 6.75 1/ 8/1993	105 3/8 / 226	6.41 / 3.32	-7.99
70 / 58.2	1968 / 100.00	BURMAH OIL 5.50 1/10/1988 G	146 1/4 / 380	3.80 / 5.03	-3.15
75 / 52.3	1972 / 100.00	BURTON B.V. 5.75 1/10/1992 PF	96 5/8 / 138	5.95 / 3.99	-9.68
25 / 25.0	1980* / 100.00	HANSON O/S FINANCE 9.50 15/10/1995	111 1/8 / 261	8.55 / 3.26	-5.70

WestLB Euro-Deutschmarkbond Quotations (Continued)

Issue.	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory drawing by lot at par S-sinking fund P-purchase fund
8¼% Stockholm County 75/87	94.00	9.31	11.06	3.18	1. 4.79—87D
8½% Sumitomo Metal 75/82	96.25	8.83	12.36	1.09	1. 7.82
7½% Sun Oil Int. Fin. 73/88	90.50	8.29	9.37	7.17	1. 8.78—88S
7¼% Svenska Cell 73/88	86.25	8.41	10.17	6.67	1. 2.79—88S
10¼% Svenska Inv. Bk. 81/87	97.00	10.57	10.95	6.39	20.10.87
6¾% Sveriges Inv. Bk. 72/87	89.75	7.52	9.10	5.75	1. 3.78—87S
7% Sveriges Inv. Bk. 73/88	92.50	7.57	8.49	6.75	1. 3.79—88S
8½% Sveriges Inv. Bank 75/83	99.00	8.59	9.07	2.00	1. 6.80—83S
6½% Sweden 77/84	89.35	7.27	10.95	2.92	1. 5.84
6% Sweden 77/89	74.75	8.03	10.65	8.50	1.12.83—89S
7¾% Sweden 79/89	82.00	9.45	11.25	8.09	1. 7.89
7½% Sweden 79/89 PP	82.25	9.12	10.88	8.17	1. 8.89
8% Sweden 80/87 PP	86.00	9.30	11.46	5.71	16. 2.87
9¾% Sweden 80/87	98.40	9.91	10.11	5.84	1. 4.87
9% Sweden 80/87 PP	91.50	9.84	11.02	5.96	15. 5.87
9¼% Sweden 80/87 PP	93.25	9.92	10.73	6.42	1.11.87
7⅞% Sweden 80/90	82.25	9.57	11.02	9.25	1. 9.90
9½% Swedish Export 80/87	96.00	9.90	10.35	6.50	1.12.84—87S
9½% Tauernautobahn 74/81 (G)	99.50	9.55	15.10	0.09	1. 7.81
9% Tauernautobahn 75/82 PP (G)	97.00	9.28	13.29	0.75	1. 3.82
9% Tauernautobahn 75/83 PP (G)	95.50	9.42	11.93	1.75	1. 3.83
5½% Tauernautobahn 78/93 (G)	71.50	7.69	9.63	11.84	1. 4.84—93S
8½% Tauernautobahn 80/90 (G) PP	88.00	9.66	10.56	9.38	16.10.90
7% Tauernkraftwerke 68/83 (G)	95.25	7.35	11.82	1.16	1. 2.74—83D
6½% Tauernkraftwerke 68/83 (G)	98.25	6.62	7.48	2.25	1. 9.74—83S
8% Tenpfinco 73/93	95.00	8.41	10.17	12.42	1.11.82—93S
9½% Tenpfinco 75/82 PP	97.00	9.79	13.80	0.75	1. 3.82
6¼% Thailand 78/83 PP	89.50	6.98	13.01	1.84	1. 4.83
8½% Thyssen Car. Fin. 75/82 PP	96.75	8.79	12.75	0.84	1. 4.82
8¼% Thyssen Car. Fin. 75/82 PP	96.00	8.55	11.83	1.09	1. 7.82
7¼% Tokyo El. Power 69/84	93.25	7.77	11.54	1.93	1.12.76—84D
6½% Tokyo El. Power 79/85	86.00	7.56	11.09	3.92	1. 5.85
5½% Toyo Rubber 78/83 PP	86.50	6.36	12.48	2.34	1.10.83
6½% Traf. House Fin. 72/87	87.00	7.47	9.29	6.34	1.10.78—87S
6% Trinidad & Tobago 78/83	88.50	6.78	13.45	1.84	1. 4.83
6¾% Trondheim 68/83	77.75	8.68	19.04	2.50	1.12.72—83S
5¾% Trondheim 78/88	77.50	7.42	11.22	5.80	1. 4.86—88D
7½% T R W Int. Fin. 69/84	93.75	8.00	9.97	3.34	1.10.75—84S
6% T V O Power 78/88 (G)	78.75	7.62	10.59	6.67	1. 2.84—88S
5¾% UDS Group 78/83	87.25	6.59	12.56	2.25	1. 9.83
9¾% Unilever 74/81 PP	99.75	9.77	10.84	0.50	1.12.81
8¼% Unilever 75/87	98.10	8.84	9.38	5.92	1. 5.81—87S
6½% Union Bank of Finland 78/88	79.25	8.20	10.62	7.54	16.12.84—88S
5¾% Uniroyal 78/84 PP	79.50	7.23	14.20	3.17	1. 8.84
6¾% Unit. Arab. Emirats 77/82 PP	91.50	7.38	17.52	0.92	30. 4.82
7% Venezuela 68/83	95.50	7.33	9.39	2.34	1.10.74—83S
6% Venezuela 78/88	71.00	8.45	12.62	6.75	1. 3.84—88S
6½% Venezuela 78/90	71.00	9.15	11.73	9.42	1.11.85—90S
9¾% Venezuela 80/90	92.90	10.50	10.97	9.42	1.11.86—90
8¼% Vienna 75/84	94.50	8.73	11.26	2.13	1. 8.79—84D
5¾% Vienna 77/84 PP	85.50	6.73	10.87	3.54	15.12.84
8½% Voest-Alpine 73/88	90.00	9.44	10.50	7.34	1.10.79—88S
8½% Voest-Alpine 75/85	94.75	8.97	11.07	2.44	1. 6.81—85D
6¾% Voest-Alpine 77/89	83.00	8.13	11.14	5.36	1. 6.84—89D
6½% Wells-Fargo ex w. 73/88	82.50	7.88	9.93	7.42	1.11.79—88S
8¾% Westland-Utrecht 80/85 PP	90.25	9.70	12.10	3.75	1. 3.85
9% Westland-Utrecht 80/87 PP	89.50	10.06	11.36	6.42	1.11.87
5½% Worldbank 65/85	87.25	6.66	6.42	3.84	1. 4.71—85S
6½% Worldbank 68/84 PP	91.59	7.10	12.82	1.55	2. 1.77—84D
6½% Worldbank 69/84	93.00	6.99	10.81	1.97	1. 6.75—84D
6½% Worldbank 69/84 PP	91.50	7.10	12.82	1.55	2. 1.77—84D
6% Worldbank 69/84 PP	89.75	6.69	12.70	1.80	1. 4.77—84D
8% Worldbank 70/86	93.60	8.55	11.04	2.48	1. 1.77—86D
7½% Worldbank 71/86 I	92.00	8.15	10.86	2.90	1. 6.77—86D
7½% Worldbank 71/86 II	91.25	8.22	11.21	2.85	1.12.77—86D
6½% Worldbank 72/82	95.65	6.80	10.94	1.09	1. 7.82
6¾% Worldbank 72/87	89.50	7.54	10.89	3.10	1. 3.78—87D
6¾% Worldbank 73/83	93.85	7.19	10.92	1.67	1. 2.83
6⅜% Worldbank 73/88	85.50	7.46	11.38	3.70	1. 5.78—88D
8¼% Worldbank 75/82 PP	96.00	8.59	12.76	1.00	1. 6.82
8% Worldbank 75/82	95.25	8.40	11.54	1.50	1.12.82
8¼% Worldbank 75/83	95.75	8.62	10.61	2.09	1. 7.83
8% Worldbank 76/82 PP	94.75	8.44	13.06	1.17	1. 8.82
7¾% Worldbank 76/82 PP	94.00	8.24	12.83	1.34	1.10.82
7½% Worldbank 76/83	93.75	8.00	11.28	1.92	1. 5.83
7¾% Worldbank 76/83	94.00	8.24	10.74	2.34	1.10.83
6¾% Worldbank 76/83 PP	90.25	7.48	11.40	2.50	1.12.83
8% Worldbank 76/84	93.65	8.54	10.82	2.67	1. 2.84
5½% Worldbank 77/82 PP	91.50	6.01	13.00	1.29	15. 9.82
7% Worldbank 77/85 PP	88.00	7.95	11.05	3.75	1. 3.85
6½% Worldbank 77/85 PP	85.00	7.65	11.45	3.92	1. 5.85
6% Worldbank 77/85	84.40	7.11	10.70	4.29	15. 8.85
7% Worldbank 77/87	85.50	8.19	10.54	5.59	1. 1.87
6½% Worldbank 77/87	81.25	8.00	10.97	5.92	1. 5.87
5¾% Worldbank 78/84	86.00	6.69	11.22	3.17	1. 8.84
6% Worldbank 78/88	76.15	7.88	10.97	7.17	1. 8.88
6¼% Worldbank 78/88	76.75	8.14	10.93	7.50	1.12.88
5¾% Worldbank 78/90	75.50	7.62	10.86	7.11	1. 2.87—90D
7% Worldbank 79/85 PP	87.50	8.00	10.87	4.17	1. 8.85
7¼% Worldbank 79/87 PP	82.75	8.61	11.12	6.17	1. 8.87
7¾% Worldbank 79/91	82.25	9.42	10.71	10.09	1. 7.91
10% Worldbank 80/86	100.00	10.00	9.99	4.92	1. 5.86
8½% Worldbank 80/88 PP	90.00	9.44	10.58	7.00	1. 6.88
9% Worldbank 80/88 PP	92.00	9.78	10.69	6.92	1. 5.88
7⅞% Worldbank 80/90	83.50	9.43	10.91	8.59	1. 1.90
7⅞% Worldbank 80/90 II PP	86.00	9.16	10.40	8.59	1. 1.90
10% Worldbank 80/90	98.10	10.19	10.33	8.92	1. 5.90
8% Worldbank 80/90	84.75	9.44	10.68	9.17	1. 8.90
7¾% Worldbank 80/88 PP	85.00	9.12	10.86	7.17	1. 8.88
9¼% Worldbank 81/91	91.75	10.08	10.66	9.59	1. 1.91
10% Worldbank 81/91	99.40	10.06	10.09	9.91	1. 5.91
6¾% Yokohama 68/83 (G)	99.50	6.78	7.11	2.25	1. 9.72—83S
7% Yokohama 69/84 (G)	97.00	7.22	8.20	3.33	30. 9.73—84S
8% Yokohama 71/86 (G)	98.75	8.10	8.30	5.17	1. 8.77—86S
8% Yugosl. Inv. Bank 77/84 PP	93.50	8.56	10.26	3.54	15.12.79—84S

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The following funds include Eurobond issues within their portfolios
Quotations & yields as at 31st May, 1981

SOCIETE GENERAL De BANQUE
BANQUE GENERALE Du LUXEMBOURG

Funds 31/5/81	Price	First Issue Price	Yield %	Div. Date	1/6/80 High	31/5/81 Low	1/6/80 High	31/5/81 Low
Rentinvest	LuxFr 800	LuxFr 1000	9.39	20/11/80	LuxFr 810	LuxFr 727	LuxFr 918	LuxFr 727
Capital Rentinvest	LuxFr 1598	LuxFr 1000		(71) (Capitalisation)	LuxFr 1612	LuxFr 1357	LuxFr 1612	LuxFr 1321

AIBD The Association of International Bond Dealers

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World sugar prices trimmed

By Our Commodities Staff

WORLD sugar prices fell back again yesterday following sharp gains on Monday resulting from the Israeli bombing of the nuclear plant in Iraq. Dealers said that it was felt the market had over-reacted, particularly in New York. Although the London daily price for raw sugar yesterday morning was unchanged at £216 a tonne, the October position on the futures closed £10.30 down at £213.75 a tonne.

Aiding the downturn was a provisional forecast by French sugar merchants Sucres et Denrées that htere could be a surplus supply of over 2m tonnes in the 1981-82 season, ending several years of production shortfalls that have reduced stocks substantially.

In Britain, meanwhile, the National Farmers' Union has officially denied claims by the British Sugar Corporation that beet growers in the UK had been treated "generously."

The union, commenting on the Berisford bid for British Sugar, said it wanted to make clear publicly the position of the 14,000 beet growers. It noted that the primary interest of growers, whoever owned the Corporation, concerned the future policy of the BSC as a processor, and its negotiating stance on prices paid to growers.

Growers disagreed with the BSC statement that the price and contract terms obtained last *year only after going to arbitration for the first time ever were* "generous."

The NFU said growers would continue to press for parity of information about full costs of production and realisation, which had so far been denied to them.

Surinam talks on bauxite

PARAMARIBO—Surinam needs to reduce its dependence on bauxite exports and on foreign aid for economic development, Mr André Talting, finance minister, said.

He said the dependence of the economy on bauxite for 80 per cent of its export income was a matter of considerable concern.

Surinam produced 4.9m tonnes of bauxite in 1979, about 5 per cent of world production.—Reuter

Talks planned to end tin agreement deadlock

BY BRIJ KHINDARIA IN GENEVA

THE U.S. plans to hold intensive talks with the world's main tin producers—Malaysia, Thailand and Indonesia—working towards a compromise which would clear the way to renewal of the existing International Tin Agreement that expires at the end of June next year.

The talks will be held privately outside the conference that opened in Geneva yesterday between the world's tin producers and consumers. Delegates said the conference is the last chance to reach a new tin accord. Several of them felt the keys to the new agreement are *held by the U.S.* and the three big producers.

The conference is the fourth in a series begun more than two years ago. The U.S. has stayed out of the current fifth agreement, the latest in a series begun 20 years ago.

Mr Peter Lai the conference chairman told the opening conference session the current accord cannot be extended unchanged any more. It has already been extended by one year and must be replaced by a new one.

The main differences between the U.S. and producers concern conditions under which producers may use export controls, and the size of the buffer stock needed to stabilise tin prices at a level considered fair by both sides. Another difficulty has arisen because of recent U.S. sales *from its strategic tin stockpile*, which some producers say is depressing prices because potential buyers postpone purchases from exporters in anticipation of the U.S. sales.

A team of U.S. officials visited the South-East Asian tin producers earlier this year to explain U.S. concerns and to work out a method in consultation with producers of conducting the sales from stocks in ways which do not disturb world tin price trends.

Although members of the current tin agreement would like to bring the U.S. into the new accord, they have not ruled out the possibility of going ahead without the U.S. Although the U.S. is the world's largest tin-consumer, its immediate needs are the least because it has nearly one year's world supply of tin *in* its strategic stockpile.

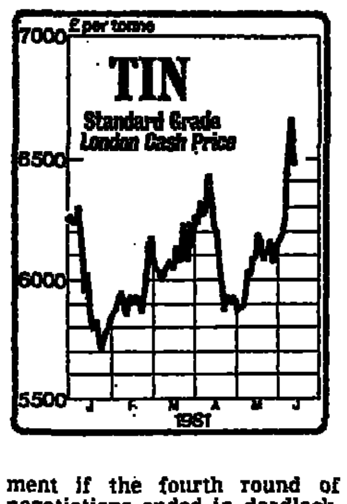
Wong Sulong in Kuala Lumpur writes: The producing countries however would seek a "political solution" for the sixth International Tin Agreement if the fourth round of negotiations ended in deadlock, Malaysia's Minister of Primary Industries, Datuk Paul Leong, warned. The Asean states, he said, might have to bring up the matter with the U.S., Japan and the European Economic Community when their foreign ministers meet in Manila from June 19.

However, the Asean members have also said they could not be expected to give in further, and are not ruling out the prospect of having an agreement with U.S. participation, or even the prospect of a tin producers' cartel.

Datuk Leong said while producing countries were not entirely happy with the package deal proposed by the ITC chairman, Mr. Peter Lai, they felt it was the best for both producers and consumers under the circumstances.

Since time was running out, he said, both groups must make special efforts to reach agreement. He said the Geneva talks were scheduled to end on June 26, but Asean countries should be able to assess the likely outcome of the talks before the Asean-EEC-U.S.-Japan dialogue in Manila to enable them to take the necessary political action.

● Tin prices dropped sharply on the London Metal Exchange yesterday following the sudden upsurge on Monday. Heavy trade selling at the higher levels pushed values down and cash tin closed £195 lower at £6,485 a tonne. Copper prices were also easier, but lead and zinc gained ground.



Home-grown wheat use may level off soon

BY RICHARD MOONEY

THE INCREASE in the use of home-grown wheat for bread making in Britain could begin to slow down soon, according to the Home-Grown Cereals Authority.

In the eight months to the end of March 62 per cent of the wheat used by British bakers was home-grown compared with 54 per cent and 50 per cent in the previous two seasons, figures published recently by the Ministry of Agriculture.

In its latest Weekly Digest, the HGCA says this rise has been partly due to a sharp rise in the UK wheat crop from 6.62m tonnes in 1978 to 8.2m last year and increased proportion of milling-quality production thanks to the planting of new varieties.

It has also been helped by changes in the bread-making industry and the Authority sees only limited scope for further growth.

The bigger market share won by large bakers using the modern Chorleywood process to make white bread has allowed a smaller proportion of hard North American wheat to be used. But it is now widely believed that the movement towards this process has reachd a plateau.

Furthermore the demand for white bread is falling. More people are buying their bread from "hot" bread shops using a higher proportion of hard wards this process has reached wheat which cannot be produced in Britain.

"There may be some room for increased usage of home-grown wheat among large bakers, since the overall average usage conceals a wide range of production patterns, and millers are continually gaining in expertise," the HGCA says. "However, several other factors place constraints on the amount of home-grown wheat millers can use: the machinery in the mill and the mills location for example."

Coffee falls to 5-year low

By Our Commodities Staff

COFFEE FUTURES prices plunged again on the London futures market yesterday as widespread selling continued to meet with only extremely reluctant buying. The fall took nearby values to their lowest levels since March 1976.

The September position ended the day £55 down at £834.5 a tonne.

A second successive permissible limit fall in New York was quoted by some dealers as the immediate reason for the sell off in London. They said the decline was accelerated by stop-loss selling by speculators who were drawn into the market on Monday believing the price slide had reached its bottom.

Cocoa prices also fell, but relatively modestly, with the September futures position ending £3.50 down on the day at £849 a tonne. This was enough, however, to take it to a new five-year low.

Dealers said the market fell roughly in line with New York but met with a little support at the lower levels. In spite of the fall there was little sign of dealer or manufacturer interest from Continental Europe following the Whit Monday closure, they added.

Ministry to study farm rent proposals

By Our Commodities Staff

THE MINISTRY of Agriculture is to make a careful study of proposals for changes in the law covering farm tenancies made jointly by the National Farmers' Union and thet Country Landowners Association.

Discussions on the subject between Mr. Peter Walker, the Minister of Agriculture, the NFU and the CLA, held on Monday, were described by the Ministry yesterday as "constructive."

The two bodies want the Government to cancel the guaranteed right of families of tenants to succeed to tenancies and to establish a new system for assessing farm rents.

They believe the right of succession has discouraged landowners from letting land, so reducing the opportunities for young people to begin farming on their own account.

MARKET OUTLOOK: STRATEGIC METALS

Glamour investment with big risks

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE WERE some worried faces at the special conference in London last week to look at the prospects for "Strategic Metals in the 80s." Investors (or speculators) who have put their faith in the so-called strategic metals must be a bit worried.

Although there have been some successes, in germanium for example, prices of these metals have generally been depressed by the industrial recession that has hit demand and put pressure on the markets. Favourites like cobalt and tungsten (wolfram) have certainly been a poor investment recently with prices heading downwards, rather than surging upwards as widely predicted.

It can be argued that investing in strategic metals is essentially a long-term venture. Nevertheless, bearing in mind tht it involves a lot of money being locked away earning no dividends or interest, it is extremely dispiriting for investors to see prices falling, or even only moving up slightly, thereby increasing the "real" loss involved.

However, another more serious concern among those attending the conference came from traders, who have traditionally dealt in "minor" metals (roughly defined as those not traded on the London Metal Exchange) which have now attracted the more glamourous sobriquet of "strategic" metals.

Serious-minded minor metal traders are worried by the fear that the surge of speculative interest in strategic metals may distort price patterns artificially and alter the long-term supply-demand balance.

There are numerous examples of how excessively high prices have undermined demand for various metals, such as bismuth, cobalt and selenium. High prices encourage increased production and, more importantly, intensify the search for substitutes, sometimes resulting in markets being totally lost for ever. Bismuth, for example, lost the French stomach powder market (which accounted at one stage for some 20 per cent of total sales) partly as a result of high prices encouraging substitution by aluminium salts.

The spectacular surge in cobalt prices following the invasion of the Shaba province in Zaire, when the free market soared from $6 to $50 a lb (it is now back to $18) has lost the metal many traditional outlets, notably the manufacture of magnets, where it has been substituted and will find it hard to recover sales again. Often substitution is not by aonther metal or material, but by a change in production process that is costly and usually permanent.

It is argued that uses of strategic metals are price inelastic because they represent a tiny proportion in the cost of the final product (cobalt in jet engines is a good example). But it is also acknowledged that fear of being unable to obtain sufficient supplies is a powerful incentive to design a metal "out," normally for good.

So there is a genuine concern that the growing interest of outside investors in strategic metals could result not only in sustaining uneconomic production, but also in causing permanent harm to future demand. The problem is that there is a fine supply/demand balance in many of the metals, so a large investment purchase can have a disturbingly strong effect. The speaker on germanium at the conference cited speculative investment buying as one of the important unpredictable factors likely to influence prices. Other delegates cited the recent attempt to "corner" the cadmium market.

The effect of investment buying can be exaggerated by the paucity of people interested in highly specialised metals and the lack of the futures "hedging" mechanism provided by the London Metal Exchange for the leading base metals.

By the same token, however, speculation in strategic metals is expensive since normally the buyer has to put up the total amount required plus storage and insurance charges, instead of trading on 10 per cent margin as in the futures market.

Putting money into funds investing in strategic metals may be cheaper, and less risky, but in essence it is an investment in the skills of the fund manager.

Interest in investing in strategic metals has been whipped up in the U.S. particularly by a mixture of normal greed and patriotism. The basic argument is that supplies of many strategic materials, which will be urgently required by the military and industry, are critical and vulnerable—since the bulk of world reserves are either in Southern Africa or Communist bloc countries.

Privately-owned stockpiles, the argument runs, will therefore not only pay off handsomely as shortages develop but will also help the Western world to protect itself against Communist aggression. An added incentive is the fact that basic raw materials retain an intrinsic basic value whatever happens to "paper" money as a result of inflation or currency changes.

It is a convincing argument. So much so that a recent paperback, entitled "Get really rich in the (coming) super metals boom" has been among the top selling books in the U.S. recently, and the fever to invest in startegic metals has spread to Britain and Europe.

Not so well publicised, of course, are the disadvantages. The fact that strategic metal prices can (and do) go as well down as wel as up; they are extremely volatile and can bring collosal losses, os well as profits.

In these dangerous markets the outside investors, even with the help of honest professional advisers, is particularly vulnerable. He is a weak buyer (tending to buy in small quantities when the market is booming) and even weaker seller. There is no guaranteed outlet, as on the Metal Exchange, when the investor wishes to sell his holdings. So he is often forced to accept wel below quoted market prices, simply because of the scarcity of available buyers.

One consolation, perhaps, is investors thta are likely tolose that because the outlay involved is so large it is only the fich investors that are likely to lose their fortunes; the poor man cannot afford this new highly speculative game that requires patience, considerable nerve and a long pocket.

BRITISH COMMODITY MARKETS

BASE METALS

Tin values fell sharply on the London Metal Exchange as heavy and persistent trade selling depressed forward metal from £6,670 to £6,590 before American physical demand prompted a close of £6,625. Other metal prices tended to move in line with currency fluctuations. Copper closed at £889.25, having fallen to £885 in the early afternoon, while Aluminium and Nickel were finally £663.5 and £3,237.5 respectively. Lead continued to advance as initial short covering and physical demand pushed three months through the recent resistance level of £366 and encouraged renewed American buying to leave the *price at £370.5 at the close.* Zinc met strong resistance at £420 and closed at £416 although continued demand for cash material was again in evidence during the morning rings.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	861.5-2	—1.5	864-.5	—2.75
months	885-6	—2.75	888-.5	—4
Settlem't	862	—1.5	—	......
Cathodes				
Cash	855-6	—2.5	857-8	—3.5
3 months	875-6	—3	877.5-8	—3.75
Settlem'	856	—3	—	......
S. Prod	—		*81.5-6.25	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £861.5, 61, 61.5, three months £886, 85, 84.5, 85, 85.5. Kerbs: Wirebars, three months £886, 85, 86, 86.5, 87. Afternoon: Wirebars, three months £887, 87.5, 88. Kerb: Wirebars, three months £889, 89.5, 89, 90. Turnover 14,675 tonnes.

TIN—Morning: Standard, cash £6,516, 10, three months £6,630, 40, 45, 50, 40, 45, 40. Kerb: Standard, three months £6,630, 25. Afternoon: Standard, three *months* £6,620, 15, 10, 05, 6,590, 6,600, 6590, 95. Kerb: Standard, three months £6,600, 10, 15, 25. Turnover 1,855 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6510-5	+75	6480-90	—195
3 months	6630-5	+75	6590-600	—214
Settlem't	6515	+75	—	......
Standard				
Cash	6505-10	+82.5	6480-90	—195
3 months	6630-5	+75	6590-600	—214
Settlem't	6510	+80	—	......
Straits E.	$629.70	+0.52		......
New York	—	......		

LEAD—Morning: Cash £354, 55, 58, three months £363, 62, 62.5, 63, 62.5, 64, 63.5, 64, 64.5, 65. Kerb: Three months £365, 65.5, 66, 67, 67.5, 68. Afternoon: Three months £371, 70, 71, 71.5, 72. Kerb: Three months £372, 72.5, 72, 71, 70, 69, 68.5, 68, 69, 70. Turnover 13,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	357.5-8	+3.25	364-5	+7.5
3 months	364.5-5	+2.5	372-.5	+5.5
S'ment	358	+3.25	—	......
U.S. Spot	—	......	*38	......

ZINC—Morning: Cash £418, 18.5, three months £415, 16, 17, 16, 17, 18, 19. Kerb: Three months £418. Afternoon: Three months £419, 18.5. Kerb: Three months £419, 18.5, 18, 17, 16, 15, 16, 17, 16, 15. Turnover 10,175 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	417.5-8	—8.5	416.5-7.5	+7.5
3 months	418-9	—7.25	418.5-9	+8.25
S'ment	418	—8.5	—	......
Primw'ts	—	......	*45.5	......

ALUMINIUM—Morning: Three months £662, 61, 60, 61, 61.5, 62, 61, 60.5. Kerb: Three months £661, 62. Afternoon: Three months £664, 65 66, 67, 68, 67.5, 67, 66.5. Kerb: Three months £666, 65, 64. Turnover 6,925 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	639-40	—2.75	645-6	......
3 months	660.5-1	—2	666-.5	......

NICKEL—Morning: Three months £3,210, 15. Afternoon: Three months £3,230, 45, 40. Turnover 186 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3160-70	+5	3175-85	—5
3 months	3220-30	+7.5	3235-45	—7.5

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.95p an ounce higher for spot delivery in the London bullion market yesterday at 525.65p. U.S. equivalents of the fixing levels were: Spot $10.25, up 14.9c; three-month $10.691, up 15.7c; six-month $11.093, up 16.1c; and 12-month $11.964, up 14.8c. The metal opened at 522-529p ($10.10-10.25) and closed at 516-523p ($10.00-10.15).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	525.65p	+2.95	517.75p	—12.2
3 months	541.85p	+3.15	534.0p	—12.8
6 months	559.85p	+3.26	—	......
12 months	600.00p	+3.4	—	......

LME—Turnover 82 (81) lots of 10,000 ozs. Morning: three months 537, 38.5, 36, 36.5, 40, 41, 40.2. Kerb: three months 540. Afternoon: Three months 534, 33.5. Kerb: three months 535.

COCOA

Futures traded quietly in thin conditions throughout a featureless day for prices to close with losses of £5. Actuals business was scarce with only modest offtake found among manufacturers. Producers refrained from making further sales at current levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
July	826-827	—3.5	828-821
Sept.	848-850	—5.5	851-845
Dec.	886-887	—5.0	888-884
March	919-920	—3.0	919-914
May	939-940	—1.0	939-935
July	958-960	—0.5	955
Sept.	975-980	—	—

Sales: 1,831 (1,930) lots of 10 tonnes.

ICCO Futures—Daily price for June 8: 73.23 (73.83): five-day average 75.77 (77.15).

COFFEE

The market opened £30-40 lower as fresh dealer selling inspired an active call, reports Drexel Burnham Lambert. The breaking of contract lows aided the downside momentum and buyers were reluctant to trade against the trend. Afternoon transactions followed the same pattern and in mixed dealings and with the added weight of another 4 cent limit loss in New York prices eased further.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	816-17	—60.5	847-15
Sept.	834-35	—55.0	859-33
Nov.	833-35	—53.0	859-33
Jan.	833-34	—54.0	860-34
March	830-34	—54.0	862-38
May	831-37	—56.5	—
July	840-50	—55.0	875

Sales: 4,944 (2,147) lots of 5 tonnes.

ICO indicator prices for June 8 (U.S. cents per pound.) Comp. Daily. ICA 1976 103.00 (105.67): 20-day average 113.15 (114.03).

GAS OIL FUTURES

The market opened weaker but rallied on the stronger Deutsche Mark and other European currencies. It traded at the higher levels for most of the afternoon before easing off towards the close, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
June	270.00	+1.50	271.25-68.50
July	268.75	+0.75	270.50-67.75
August	272.75	+1.00	274.00-71.50
September	277.25	+0.25	278.25-76.25
October	282.00	+0.75	282.00-81.25
November	286.50	+0.50	286.50-85.50
December	291.50	+0.25	292.00-91.50
January	296.50	+0.50	297.50-96.50
February	301.00	—	302.00-00.00

Turnover 828 (765) lots of 100 tonnes.

GRAINS

July wheat opened 25p up and rallied due to lack of sellers before selling in very thin trade left values 10p up on the day. New crops opened 20-25p higher before hedge selling pressure eased values in thin trading conditions. Acli reports.

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
July	116.55	+0.1	—	—
Sep.	100.65	—0.55	94.90	—0.25
Nov.	104.40	—0.45	98.65	—0.15
Jan.	108.45	—0.45	102.30	—0.20
Mar.	112.00	—0.45	105.75	—0.15
May.	115.65	—0.45	109.20	—0.28

Business done—Wheat: July 117.00-116.50, Sept. 101.20-100.70, Nov. 105.10-104.40, Jan. 109.00-108.45, March no trades, May 115.65 one trade. Sales: 70 lots of 100 tonnes. Barley: Sept. 95.25-94.90, Nov. 98.85-98.75, Jan. 102.35 one trade, May 109.55-109.20. Sales: 81 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 113.50, July 113.00, Aug. 112.25 transhipment East Coast. U.S. Hard Winter 13½ per cent June 112.75, July 112.50, Aug. 113 transhipment East Coast. English Feed fob June 117 seller East Coast, Sept. 104.75 paid South Coast. Maize: French June 128, July 128.50 transhipment East Coast. S. African Yellow June-July 90.00 seller. Barley: English Feed fob June 109 paid East Coast, July 27-Aug. 10 97 paid East Coast. Aug. 96.25, Oct.-Dec. 102.50, Jan.-March 97.50 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 101.90, W. Mids. 102.20, N. West 104.30. The UK Monetary Coefficient for the week beginning Monday, June 15 (based on HGCA calculations is expected to increase to 0.877.

RUBBER

The London physical market opened steadier, with good interest throughout the day, closing quietly steady. Lewis *and Peat reported an fob June price* for No. 1 RSS in Kuala Lumpur of 272.5 (267.5) cents a kg and SMR 20 236.5 (233.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	62.10-65.00	61.20-61.60	—
August	63.20-65.40	62.50-62.70	65.10
Jly-Sept	63.30-63.40	62.50-62.60	65.50-62.90
Oct-Dec	66.00-66.10	65.60-65.70	66.60-65.90
Jan-Mar	69.00-69.10	68.70-68.80	69.60-69.80
Apl-Jne.	72.10-72.20	71.80-71.80	72.10
Jly-Sept	75.00-75.20	74.50-74.60	—
Oct-Dec	78.00-78.50	77.40-77.50	78.50
Jan-Mar	80.80-81.00	80.40-80.50	81.00

Sales 652 (213) lots of 15 tonnes, 1 (nil) at 5 tonnes. Physical closing prices (buyers) were: Spot 61.00p (60.00p): July 62.00p (61.75p): Aug. 62.75p (62.50p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 52 tonnes, bringing the total for the week so far to 108 tonnes. Few dealings of note were recorded, *and the offtake was patchy.* Mixed demand centred mainly on African and Middle Eastern qualities.

SOYABEAN MEAL

The market opened with losses of 50p on continued trade selling, reports T. G. Roddick. Prices eased further with quiet physical offtake closing £1-£1.50 down on the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	151.50-51.9	—1.40	—
August	152.00-52.4	—1.55	153.80-52.00
October	134.80-35.2	—1.10	136.20-34.90
December	137.40-37.8	—0.65	137.60-37.50
February	139.20-39.6	—0.80	—
April	140.00-41.5	—0.75	—
June	141.00-42.5	—0.75	—

Sales: 89 (36) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £216.00 (same) a tonne cif June-July shipments. White sugar daily price £233.00 (£236.00).

The market opened £2 below overnight levels following a weak opening of the Paris white market. Later New York opened limit down and further losses of £6 occurred before some shortcovering lifted prices at the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	211.75-12.00	222.75-23.00	224.00-11.00
Oct.	213.50-14.00	224.00-24.10	224.50-12.50
Jan.	214.25-14.50	224.05-24.25	224.00-14.50
March	216.75-17.00	226.55-26.00	226.50-15.50
May	217.50-19.00	228.25-26.45	225.50-17.75
Aug	218.00-21.00	227.35-27.50	221.00
Oct.	219.00-22.50	228.05-28.45	—

Sales: 7,704 (6,940) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade *and £323.0 (322.5) for export.*

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for June 8. Daily price 17.44 (17.02); 15-day average 16.41 (16.22).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: Buyer, seller, business). New Zealand cents per kilo. Aug. 390, 405, 398, 397; Oct. 393, 394, 394; Dec. 395, 398, 396-395; Jan. 395, 396, 395; March 403, 405, 405-404; May 410, 412, 412-411; Aug. 423, 425, 422; Oct. 423, 426, 426-424; Dec. 430, 437, 427-426. *Sales: 77.*

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 501.5, 502.0, 502.0-499.0; Oct. 496.5, 497.0, 496.5-495.5; Dec. 503.0, 504.0, 504.0-502.0; March 509.0, 510.0, 510.0-509.5; May 515.0, 516.0, 516.0; July 520.0, 521.0, untraded; Oct. 519.0, 521.0, untraded; Dec. 522.0, 525.0, untraded. Sales: 57.

POTATOES

LONDON POTATO FUTURES—All values eased on general trade selling, attributed in some quarters to the low level of early liftings caused by the wet weather, reports Coley and Harper. Closing prices: Nov. 57.70, —0.9 (high 58.40, low 57.50); Feb. 66.80, —0.9 (high 67.30, low 66.80); April 73.80, —0.8 (high 74.30, low 73.80). Turnover: 106 (21) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 76.4 to 79.9; Eire hindquarters 90.0 to 92.5, forequarters *55.0 to 57.5. Veal: Dutch hinds and* ends 128.0 to 132.0. Lamb: English small 78.5 to 86.0, medium 80.0 to 84.0, heavy 78.0 to 82.0; Imported Frozen—New Zealand PL 70.0 to 71.0, PM 68.0 to 70.0. Pork: English, under 100 lb 38.0 to 52.0, 100-120 lb 46.0 to 51.0, 120-160 lb 42.5 to 50.5.

MEAT COMMISSION—Average Fatstock prices at representative markets on June 9. GB—Cattle, 95 19p per kg lw (+0.55). UK—Sheep, 178.61p per kg est dcw (—10.58). GB—Pigs, 76.88p per kg lw (+2.16)

COVENT GARDEN—Prices for the *bulk of produce, in sterling per package* except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.70, 56 5.10, 72 4.60, 88 3.80, 112 3.80, 138 3.80, 150 3.35; Californian: 88/138 3.80-4.80; Jaffa: Valencia Lates 56/189 4.30-5.00; Cypriot: Valencia Lates 80/120 3.00-4.60; Moroccan: Lates 48/113 3.30-5.00. Lemons—Spanis: Trays 25/50 2.00-2.20, Boxes 60/100 5.20; Californian: 115/140 5.50; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00; Jaffa: Cartons 60/90 4.20-5.00. Grapefruit—Outspan: 40 3.90, 48 3.95, 56 3.85, 64 3.60; Cypriot: 20-kg 40/64 5.50; Jaffa: 20-kg 36/75 3.85-4.75. Apples—S. African: Granny Smith 6.60-6.80, Golden Delicious 7.00-7.25, Starking 7.60-8.00; Chilean: Granny Smith 6.80-7.20, Winesaps 8.50, Richareds 8.00, Red Delicious 7.80; New Zealand: Granny Smith 7.50, Sturmer Pippins 7.60-8.00, Golden Delicious 6.20, Kidd's Orange 7.50, Red Delicious 8.00; Tasmanian: Jonathans 6.80-7.00, Golden Delicious 7.00, Granny Smith 7.00, Sturmer Pippins 7.50-7.80; W. Australian: Granny Smith 7.60; Victorian: King Coles 7.80; U.S.: Red Delicious 9.50-10.50; French: Golden Delicious 40-lb 125/175 3.80-4.80; Italian: 40-lb Romes 60/70 4.40-4.60; British Columbian: McIntosh Reds ½-cartons 7080 4.50. Pears—Belgian: Conference per pound 0.10-0.12; S. African: Packhams 6.00-6.80, Nelis 5.50; Tasmanian: Packhams 40-lb 6.80-7.20; New Zealand: Packhams 7.80; Victorian: Packhams 7.80-8.50. Nectarines—Spanish: 37/42 4.20-6.00.

English Produce: Potatoes—Per 55-lb bags, old 2.50-3.40, new Kent 4.00-4.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15. Cauliflowers—Per 12, Kent 3.50-4.50. Cabbages—Per bag 3.20, Spring 22-lb 3.60-4.20. Lettuce—Per 12, round 1.00-1.50, Cos 10/12 1.60-1.80. Tomatoes—Per 12-lb D 4.00, E 3.80. Radishes—Per pack of 12 x 8-oz 1.50, bunches of 15 1.20. Onions—Per tray x 20 bunches, spring 1.50. Celery—Per 15/24 5.50-6.00 Cucumbers—Per 10/20 1.00-1.20. Gooseberries—Per 12-lb 2.40.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 9 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£818/815
Free Mkt	$1245/1275	+10	$1295/525
Copper			
Cash w'bar	£864.25	—2.75	£833.5
3 mths	£888.25	—4	£857.25
Cash Cathode	£857.5	—3.5	£826.75
3 mths	£877.75	—3.75	£846.5
Gold troy oz	$456.5	—16	$482.5
Lead Cash	£364.5	+7.5	£327.25
3 mths	£372.25	+6.5	£335.75
Nickel	£3,504.50	......	£3,504.50
Freemkt	275/285c	......	295/310c
Platin'mtr'y oz	£247.0	......	£213.5
Freemkt	£224.25	—7.9	£223.20
Quicksilver†	$430/435	......	$425/455
Silver troy oz	525.65p	+2.95	529.70p
3 mths	541.85p	+3.15	545.40p
Tin Cash	£6,485	—195	£6,080
3 mths	£6,595	—214.5	£6,180
Tungsten 22.04lb	$143.75	......	$147.31
Wolfrm 22.04lb	$144/148	......	$142/145
Zinc Cash	£417	+7.5	£409.5
3 mths	£418.75	+6.25	£418.5
Producers	$925	......	$875
Oils			
Coconut (Phil)	$560r	......	$545
Groundnut	‡	......	‡
Linseed Crude	£443	......	£424
Palm Malayan	‡	......	$570
Seeds			
Copra Philip	$390r	......	$380
Soyabean (U.S.)	$294	—2.5	$316
Grains			
Barley Fut. Sep	£94.90	—0.25	£95.65
Maize	128	......	£126.5
Wheat Fut. Sept	£100.65	—0.55	£101.75
No2 Hard Wint	£112.75	—1.25	£106.25
Other commodities			
Cocoa ship't *	£912	—4	£1,010
Future Sept	£849	—5.5	£909.5
Coffee Ft' Sept	£834.5	—55	£1064.5
Cotton A.Index	87.10c	+0.05	87.15c
Gas oil July	$268.75	+0.75	$277.5
Rubber (kilo)	61p	+1	54.5p
Sugar (Raw)	£216r	......	£168
Woolt'ps 64s kl.	352p kilo	......	355p kilo

‡ Unquoted. v June-July. w July-Aug. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, June 9.

Steady dealer and commission house selling forced coffee prices limit down. Potatoes finished lower as moisture conditions improved in all major producing areas. Profit taking in the livestock complex followed several days of major advances. Sugar prices finished lower on reports of Brazilian sales. Grains and soyabeans rallied on reports of continued delays in new-crop planting, reported by Heinold.

Copper—June 76.90 (76.35), July 77.60-77.70 (77.20), August 78.85, Sept 79.95-80.10, Dec 83.40-83.50, Jan 84.50, March 86.70, May 88.65, July 90.70, Sept 92.75, Dec 95.85, Jan 96.90, March 99.00.

*Gold—June 459.0 (462.4), July 462.6 (467.4), Aug. 468.5-469.5, Oct. 481.5-482.8, Dec. 492.5-493.5, Feb. 503.8, April 517.4, June 529.6, Aug. 541.9, Oct. 554.0, Dec. 565.0, Feb. 579.1, April 591.8.

*Platinum—June 430.0 (437.3), July 433.5-435.0 (441.8), Aug. Nil, Oct. 451.0, Jan. 467.5, April 484.5, July 501.7.

Potatoes (round whites)—Nov 74.2 (76.5), Feb 80.0-81.0 (82.0), March 86.1, April 96.6-96.8. Sales: 302.

¶Silver—June 999.0 (1,015.0), July 1,006.0-1,010.0 (1,024.7), August 1,023.0, Sept 1,036.0, Dec 1,080.0, Jan 1,095.2, March 1,124.7, May 1,153.2, July 1,181.7, Sept 1,210.2, Dec 1,246.0, *Jan 1,268.2, March 1,296.7.* Handy and Harman bullion spot: 1,001.00 (1,026.00).

Sugar—No. 11: July 16.75-16.80 (17.21), Sept 17.00-17.10 (17.41), Oct 17.20-17.25, Jan 17.30-17.40, March 17.55-17.60, May 17.70-17.71, July 17.80-17.85, Sept 18.00, Oct 18.10-18.20.

Tin—582.00-596.00 (590.00-605.00).

CHICAGO, June 9.

Lard—Chicago loose 19.75 (same).

Live Cattle—June 70.25-70.30 (70.42), Aug 68.45-68.35 (68.80), Oct 65.40-65.25, Dec 66.30-66.35, Feb 67.52, April 68.80, June 69.90.

Live Hogs—June 51.35-51.50 (51.97), July 56.65-56.75 (56.85), August 57.25-57.10, Oct 54.80-54.65, Dec 56.55-56.65, Feb 57.37, April 56.57, June 58.47, July 58.45.

‡‡Maize—July 344½-345 (341¼), Sept 349½-349¾ (346½), Dec 354½-354¾, March 336¾-367, May 373, July 376½.

Pork Bellies—July 57.30-57.90 (58.15), August 57.30-57.50 (57.80), Feb 71.70-71.80, March 71.90-72.10, May 72.90, July 74.60, August 74.30.

†Soyabeans—July 731-728 (725¾), August 731-731½ (726¼), Sept 734-734½, Nov 751-750, Jan 766½-768, March 788, May 801-802½, July 812½.

‖Soyabean Meal—July 209.2-209.5 (208.3), August 210.3-210.5 (209.2), Sept 211.5-212.0, Oct 213.5-214.0, Dec 219.0-219.5, Jan 221.5-222.5, March 229.5, May 232.0, July 235.0-236.0.

Soyabean Oil—July 22.37-22.33 (22.18), August 22.78-22.77 (22.60), Sept 23.15-23.25, Oct 23.55-23.60, Dec 24.15-24.20, Jan 24.45-24.50, March 25.00, May 25.42-25.50, July 25.70-25.80, August 25.80-25.90.

†Wheat—July 408¾-407½ (404½), Sept 423½-423 (421), Dec 448-449½, March 469½-470, May 479½, July 483.

WINNIPEG, June 9.

§Barley—July 145.40 (146.70), Oct 141.60 (142.70), Dec 141.70, March 143.50, May 143.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 255.34 (254.69).

All *cents per pound* ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, June 8.

††Cocoa—July 1412 (1403), Sept. 1497 (1490), Dec. 1609, March 1693, May 1748, July 1803, Sept. 1858. Sales: 2,616.

Coffee—"C" Contract: July 93.25-99.50 (104.80), Sept. 101.86 (105.96), Dec. 99.72, March 97.68, May 98.99, July 96.67-97.60, Sept. 99.99. Sales: 4,000.

Cotton—No. 2: July 82.40-82.65 (84.27), August 82.60-83.00 (83.60), Oct. 78.90-79.00, Dec. 77.40-77.50, March 79.00, May 80.25, July 82.20-82.80, Oct. 82.20-82.50. Sales: 6,400.

Orange Juice—July 137.00 (137.45), Sept 140.70 (140.65), Nov. 142.15-142.25, Jan. 144.25-144.30, March 145.70-145.80, May 146.75-147.00, July 147.75-148.00, Sept. 148.75-149.00, Nov. 149.00-149.50. Sales: 1,800.

CHICAGO, June 8.

Chicago Imm Gold—June 462.9 (451.1), July 467.0 (458.2), Sept. 479.0-478.5, Oct. 484.8, Dec. 496.5-497.0, Jan. 503.3, March 515.6, April 521.8, June 534.2.

NEW ORLEANS—Milled Rice futures (cents per cwt of UP.S. No. 2 long grain): Sept. 2395, Nov. 2304, Jan. 2342, March 2384, May 2407-2409.

EUROPEAN MARKETS

ROTTERDAM, June 9.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter 13.5 per cent June-July 203, Aug. 205, Sept. 207. U.S. No. 2 Red Winter June 155, July 157. U.S. No. 2 Northern Spring 14 per cent June-July-Aug. 200, Sept. 203, Oct. 207, Nov. 210.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow afloat June-July 156, Aug. 158, Sept. 159, Oct.-Dec. 162, Jan.-March 170, April-June 177.

Soyabeans—(U.S. $ per tonne): U.S. No 2 Yellow Gulfports June 288.50, July-Aug. 290.50, Sept. 292, Oct.-Nov. 294.50, Dec. 300, Jan. 305, Feb. 310.50, March 313, April 317, May 318.50. Options June 282, July 283, Aug. 286, Sept. 288 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 249-247.50 traded, afloat July 249, Aug. 253, Sept. 256, Nov.-March 268. Brazil Pellets afloat June 252, July 257, Aug. 261.50, Sept. 267, June-Sept. 262, July-Sept. 265.

PARIS, June 9.

COCOA—(FFr per 100 kilos): July 939 asked, Sept. 970-985, Dec. 1,000-1,010, March 1,025-1,045, May 1,055-1,070, July 1,070-1,090. Sales at call: Nil.

SUGAR—(FFr per tonne): July 2,430-2,470, Aug. 2,460-2,465, Oct. 2,425-2,430, Nov. 2,415-2,440, Dec. 2,410-2,435, March 2,490-2,510, May 2,505-2,555, July 2,510-2,560. Sales at call: 18.

INDICES

FINANCIAL TIMES

June 8	June 5	Month ago	Year ago
255.48	251.39	253.94	267.07

(Base: July 1, 1952=100).

MOODY'S

June 8	June 5	Month ago	Year ago
1086.3	1083.7	1090.3	1136.1

(December 31, 1931=100)

DOW JONES

Dow Jones	June 8	June 5	Month ago	Year ago
Spot	384.77	387.08	388.99	416.04
Fut'r s	383.81	384.93	400.54	433.77

(Average 1924-25-26=100).

REUTERS

June 9	June 8	M'nth ago	Year ago
1762.4	1762.7	1682.6	1664.0

(Base: September 18, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side *(unprocessed) per stone: Shell cod* £4.00-£4.50, codlings £2.00-£3.20; large haddock £5.00-£5.40, medium £4.80-£5.20, small £2.50-£3.50; large plaice £5.00-£5.60, medium £4.60-£5.50, best small £3.40-£4.30; medium skinned dogfish £5.00-£6.00; large lemon soles £8.50, medium £7.50; rockfish £1.50-£2.70; saithe £1.80-£2.40.

Gilts extend rally but equities turn dull on revived fund-raising rumours—Banks respond to U.S. bid hopes

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Investment interest remained centred on Gilt-edged securities yesterday, a promising early trend in leading shares evaporating following revived speculation about imminent fund-raising. Widespread talk arose of **British Petroleum** contemplating rights issue proposals involving a cash call of around *£400m*; it is the company's practice never to comment on market speculation.

All Government stocks, including the recently-weak shorter maturities, joined in the *extended recovery. Demand im*proved and, in the continued absence of overseas selling, the tone strengthened further after the announcement of last month's banking statistics. These indicated a probable rise of less than 1 per cent in money growth. Gilt quotations came away from the highest just before the official close, but in the after-hours' trade began edging back to the best.

Sterling's late easier trend failed to temper enthusiasm and several longer-dated stocks finally displayed fresh gains of ¾. *Shorter maturities were as* much as 7/8 higher, although the £30-paid tap, **Treasury 11¾ per cent 1985**, on which the final call is due on Friday, hardened only ¼ to 25¼. The FT Government Securities index regained 0.44 more to 65.81.

The equity sectors were mildly encouraged by Gilts. The leaders tended to edge better and at noon the FT 30-share index was showing a gain of 2.2. News that British Petroleum was to withdraw competitive price support for petrol sales set the Oil sector back and the downturn gathered momentum on the rights issue rumours. ICI were particularly sensitive and many other leaders soon followed with the result that the index closed a net 2.3 down at 545.6.

Banks relieved the overall drab scene, responding strongly to comment about U.S. bid possibilities. Although closing slightly below the best, the clearers ended with double-figure gains. The **Allianz** tender offer for **Eagle Star** proved to be unexiting.

Of the 1,184 Traded Options arranged yesterday, 988 were in calls and 196 puts. BP contributed 366 of the total with 234 calls arranged and 132 puts, 109 of the latter in the July 360 series.

Interest in market newcomer **Bula Resources** was restricted *by events elsewhere in the Oil* sector; offered at 50p Irish currency, an equivalent of 38p, the shares opened and closed at 39p after briefly touching 40p.

Banks strong

A Press suggestion that a favourable Monopolies Commission ruling on Hongkong and Shanghai's near-£500m offer for Royal Bank of Scotland could lead to a U.S. bid for a major British bank sparked off a flurry of speculative activity in the banking sector. **Bank of Scotland** jumped 20 to 370p, after 373p, while **Barclays** put on 12 to 412p, after 414p, as did **Midland**, to 332p, after 334. **Lloyds** rose 10 to 352p, after 354p, and **NatWest** finished a similar amount better at *362p. Grindlays were also favoured* at 200p, up 10, and **Royal Bank of Scotland** ended 8 to the good at 190p. Elsewhere, **Hambros** revived with a rise of 10 to 880p; the preliminary results are due on June 23.

Having traded within fairly narrow limits, dealings in **Eagle Star** were suspended at 283p at 3.00 pm, pending the result, announced after the official close, of Allianz's tender offer for a further 15 per cent of the shares in Eagle up to a maximum price of 290p per share. Other Composite Insurances continued to attract a good trade on bid hopes with **Sun Alliance** again notable for a rise of 14 to 880p, after 889p. **Phoenix** touched 290p before closing unaltered at 286p, while **Commercial Union** finished a net penny easier at *172p*, after *175p*. Life issues made progress in moderate trading. **Hambro Life** rose 5 to 381p and **Legal and General** 3 to 227p.

The half-yearly results from **Bass**, down 3 at 241p, proved unexciting. **Guinness** hardened a penny to 72p awaiting Friday's interim statement.

Special situations and news *items were responsible for note*worthy movements in Buildings. **Derek Crouch** dropped 16 to 200p on the £4.4m rights issue proposal, but **G. H. Downing** touched 222p before closing 6 up at 218p compared with Hanson Trust's bid of 200p; Downing's defence document and annual results came well after the market close. **Tunnel B** edged up 2 to 442p, but the 3½ per cent preference shares shed 5 to 38p in the wake of T. W. Ward's lapsed bid; on Monday, Rio Tinto-Zinc increased its stake in Tunnel to 12.2 per cent of the *B shares and 8.7 per cent of the* votes. Demand ahead of the preliminary results, due on Friday, lifted **Brown and Jackson** 4 to 78p. **Vectis Stone** held at 33p following the interim figures and planned acquisition of Blackgang Hotels, Isle of Wight, for approximately £0.7m.

A couple of pence firmer at first, **ICI** drifted off on lack of follow-through support and closed 6 cheaper on balance at 276p. **Fisons** eased 2 to 148p, while **Leigh Interests**, still unsettled by the chairman's profits warning, shed another 3 to 150p. *Novo Industries B were again* briskly traded and dipped to £107 before closing 2 points off at £108.

J. T. Parrish pleases

Secondary issues provided the features in the Stores sector. **J. T. Parrish** were marked up 20 to 155p in response to the strong profits recovery and resumption of dividends. Revived speculative support lifted **Polly Peck** 25 to 300p, while **Cornell Dresses** added 10 in sympathy to 155p. **Comet Radiovision** fell *6 further to 133p in the wake of* a large share-placing, 8m shares owned by M. J. Hollingbery and family interests being placed mainly with institutions at 124p per share.

Inclined firmer initially, Electrical leaders drifted back on lack of follow-through support. **GEC** settled at 682p, down 5, after 690p, while **Thorn EMI** closed similarly lower *at 385p*. Helped by news that a contract had been signed for the sale of the Decca television plant at Bridgnorth to Tatung of Taiwan, **Racal** improved to 368p before drifting back to close only a penny harder on balance at 363p. Elsewhere, **Muirhead** encountered support ahead of next Monday's interim results and put on 8 to 116p. **Pifco** continued to attract buyers at 193p, up 5, while **Sound Diffusion** also found support and put on 6 to 122p.

Lack of support and scattered offerings made for dullness in the Engineering leaders. **GKN** eased 4 to 157p, while falls of a few pence were also recorded in **Tubes**, 166p, and **Vickers**, 174p, but **Hawker** continued to benefit from recent Press mention and firmed 4 more to 316p. Demand in a limited market lifted **Vosper** 10 to 130p. **Haden Carrier** firmed 6 to 388p, while **Westland** edged up 2 further to 154p in front of today's interim results and **Turriff** closed 4 dearer at 109p

Associated British Foods firmed 2 for a two-day gain of 5 to 144p on the better-than-expected preliminary results. Elsewhere in Foods, demand ahead of today's annual results lifted **Cullen's** 14 to 248p, but the A held at 218p. The lower interim profits clipped 3 from **Carr's Milling**, 78p.

Metal Box easier

Metal Box fell 10 to 186p following comment on the annual results, while other miscellaneous industrial leaders displayed no set trend after a quiet trade, but **Unilever** rallied 7 to 575p. Elsewhere, **Sketchley** recovered from 231p to end a net 5 better at 240p on the increased *dividend and satisfactory annual* profits. Reports of encouraging toy sales since Christmas helped **Lesney** harden a penny to 20p, while investment support lifted **Smiths Industries** 7 to 400p. Dealings in **Anglo Argentine Tramways** were resumed at noon and the close was a couple of pence up on the suspended level at 35p following publication of Energy Finance and General Trust's offer document. **LCP** hardened a penny to 72p on the maintained dividend but **Cawoods** lost 12 to 200p following the liquidation of speculative positions in the absence of the much-rumoured bid.

Properties, under a certain amount of pressure recently on the possibility of increased interest rates, took a firmer line from the opening but the appearance of sellers in the late dealings left closing quotations below the best. **MEPC** finished just 3 dearer at 223p, after 225p, while **Land Securities** reverted to the overnight level of 380p, after 384p. **Great Portland Estates**, preliminary results to*day, touched 230p before closing* 3 up at 228p, while **Berkeley Hambro** ended 6 dearer at 250p, after 252p. Elsewhere, **Country and New Town** hardened a penny to 57p on the increased annual profits and dividend, while **Laganvale Estates** improved a fraction to 39p following a Press mention. **Second City Properties**, against the trend, were quoted at 65p, down 3, ex the rights issue; the new nil-paid shares opened at 7½p premium and drifted back to 5p premium.

Oils on offer

Vague talk of an imminent rights issue from BP, although not taken too seriously by dealers, dampened sentiment in an already sensitive Oil sector. **BP** *fell 10 to 354p, additionally* unsettled by the company's decision to withdraw its competitive price support for petrol sales in an attempt to reduce large losses it is currently sustaining on product sale in the UK. **Shell** gave up 6 to 348p, while **Tricentrol** turned easier and reacted 4 to 220p. Widespread losses in secondary issues included **Cambridge**, 285p, and **Cluff**, 225p, down 10 apiece. **Candecca** reacted 8 to 160p.

Overseas Traders were notable for a fresh show of strength in **Boustead** which rose 8 to 146p.

Shippings were inclined easier, where altered. **British and Commonwealth** gave up 5 to 293p and **Reardon Smith** 3 to 157p. **Small and** *Tidmas closed un*altered at 85p; the price in yesterday's issue was incorrect.

In Plantations, **Guthrie** rose 20 to 880p on the announcement that Multipurpose Holding Berhad has agreed to acquire the group's 73 per cent stake in Guthrie Berhad for £24.4m cash.

Golds below best

South African Golds extended Monday's late rally but were looking decidedly uneasy in the after-hours' trade as the bullion price fell sharply to close $14 down at $456.50 an ounce.

Share prices were marked up at the outset, in line with strong overnight American *gains*, and received a further boost following the generally better-than-*expected dividends from the* mines in the Gold Fields group.

However, profit-taking thought to have emanated from the Continent coupled with sizeable U.S. selling late in the day caused a widespread reaction and prices closed well below the day's best. The Gold Mines index picked up 5.7 to 338.9.

In the heavyweights, **West Driefontein** touched a year's high of £41 immediately following the dividend declaration before closing a net ½ firmer at £39⅞. **Kloof** retained a rise of ¼ at £14⅛ but **East Driefontein** gave ground to close ¼ cheaper on balance at £13⅞, after £14. In the medium and lower-priced issues, **Venterspost** were finally 20 down at 512p, after 541p.

Financials fell sharply in unofficial dealings. Losses of between 8 and 10 were common to **Gold Fields**, 478p, **Rio Tinto-Zinc**, 505p, and **Tanks**, 296p, while **Charter** closed 5 down on balance at 227p, after 235p.

Australians suffered from the appreciation in sterling against the Australian dollar. In the leaders, **MIM Holdings** were notably weak, dropping 11 to 276p, while similar falls were registered by **Pancontinental**, at a year's low of 400p, and **Gold Mines of Kalgoorlie**, 395p. Profit-taking lowered **Mount Lyell** 6 to 117p and **North Broken Hill** 5 to 189p.

In a generally subdued Tins sector, **Geevor** edged up 2 to 130p in front of the results expected later today.

FINANCIAL TIMES STOCK INDICES

	June 9	June 8	June 5	June 4	June 3	June 2	A year ago
Government Secs.	65.81	65.37	64.94	66.05	67.19	67.27	68.17
Fixed Interest	67.21	67.17	67.25	67.72	68.52	68.74	68.61
Industrial Ord.	545.6	547.9	546.3	556.6	546.7	547.0	440.5
Gold Mines	338.9	333.2	352.8	353.4	353.6	355.6	331.5
Ord. Div. Yield	5.91	5.90	5.92	5.82	6.01	6.00	8.14
Earnings, Yld. %(full)	11.76	11.72	11.80	11.57	11.76	11.56	19.61
P/E Ratio (net) (*)	10.61	10.64	10.57	10.78	10.60	10.84	6.20
Total bargains	19,740	20,831	20,546	19,127	18,285	19,407	20,240
Equity turnover £m.	—	110.60	168.64	159.89	130.47	93.84	120.98
Equity bargains	—	15,411	15,849	16,181	14,212	16,427	14,509

10 am 548.6. 11 am 549.5. Noon 550.1. 1 pm 547.9.
2 pm 546.4. 3 pm 545.6.
Latest Index 01-246 8026
*Nil=9.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	67.17 (8/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 8	June 5
—Daily		
Gilt Edged Bargains	200.9	198.8
Equities Bargains	99.8	102.7
Value	223.9	340.9
5-day Avrge.		
Gilt Edged Bargains	175.1	168.6
Equities Bargains	98.6	98.9
Value	288.9	344.2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bank of Scotland	370	+20	ICI	276	−6
BP	354	−10	Muirhead	116	+8
Cawoods	200	−12	Plessey	317	+2
Cornell Dresses	155	+10	Polly Peck	300	+25
Downing (G. H.)	218	+6	Racal Electronics	363	+1
Grindlays	200	+10	Sun Alliance	880	+14

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GRE "New"	15	56pm	+4	ICL	10	38	+1
Metal Box	14	196	+6	RTZ	10	513	−2
Sun Alliance	12	866	+20	Sainsbury (J.)	10	390	−4
BP	11	364	+4	Beecham	9	206	+3
GEC	11	687	+7	Cons. Gold	9	488	−7
ICI	11	282	+4	Phoenix Assnce.	9	286	+16
Westland	11	152	+7	Plessey	9	315	+4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 8	June 19	Sept. 10	Sept. 21
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19

For rate indications see end of Share Information Service

Stocks to attract money for the call included Premier Consolidated, Transparent Paper, *Jessel Trust*, T. W. Ward, Burmah Oil, Tubes, Courtaulds, International Petroleum, Old Swan Hotel, Charterhall, Intervision, Bath and Portland, *French Kier and British Land.* Puts were arranged in Ultramar, Burmah Oil and BP, while double options were transacted in Royal Bank of Scotland, Burmah Oil, Premier Consolidated and Charterhall.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (70)

AMERICANS (20)
CANADIANS (2)
BANKS (4)
BEERS (1)
BUILDINGS (2)
DRAPERY & STORES (3)
ELECTRICALS (3)
ENGINEERING (6)
FOODS (2)
INDUSTRIALS (8)
INSURANCE (4)
PROPERTY (3)
TRUSTS (9)
TEAS (1)
MINES (2)

NEW LOWS (29)

LOANS (2)
FFI (UK Fn.) 6¼pc Db. 1981-84 — FFI 12½pc Uns. Ln. 1992

BANKS (1)
Union Discount

ENGINEERING (1)
Wellman Eng.

INDUSTRIALS (4)
Cowan de Groot — M.Y. Dart
Dentsply 9pc Cnv. — Ricardo

LEISURE (1)
Man. Agcy. & Music

MOTORS (1)
Plaxton's (G.B.)

PROPERTY (3)
Allied London — Scot. Metropolitan
Brit. Land 12pc Cnv.

TRUSTS (1)
London Inv.

OILS (13)
Anvil Pet. — Imp. Cont. Gas.
Brit. Borneo — Do. 8pcCnv. '95-2000
BP — LASMO Ops.
CCP N. Sea — Pict Pet
Charterhall — Premier Cons.
Clyde Pet. — Steaua Romana
Floyd Oil

RUBBERS (1)
Rightwise

MINES (1)
Pancontinental

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	3	2
Corpns., Dom. and Foreign Bonds	5	4	58
Industrials	165	247	955
Financial & Props.	110	57	327
Oils	14	52	22
Plantations	5	6	12
Mines	54	40	72
Others	56	47	82
Totals	500	456	1,530

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., June 9, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. June 8 Index No.	Fri. June 5 Index No.	Thurs. June 4 Index No.	Wed. June 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	343.49	−0.2	10.95	4.54	11.26	344.09	345.38	348.78	346.09	234.63
2	Building Materials (25)	300.20	—	14.73	5.85	8.11	300.17	301.33	301.81	301.51	233.64
3	Contracting, Construction (28)	557.80	−0.5	16.66	5.05	7.04	560.75	570.23	572.31	577.15	343.97
4	Electricals (28)	1074.08	−0.3	8.07	2.41	15.42	1077.78	1072.40	1094.33	1081.23	621.86
5	Engineering Contractors (11)	485.33	—	12.36	5.56	9.73	485.47	489.99	489.06	488.01	286.41
6	Mechanical Engineering (70)	213.14	+0.1	13.33	5.72	9.36	213.01	212.89	214.84	213.00	157.00
8	Metals and Metal Forming (13)	161.52	−0.6	9.76	7.38	13.36	162.52	163.36	164.28	163.81	153.01
9	Motors (21)	102.56	−0.2	4.78	7.04	53.22	102.79	103.31	105.35	105.26	96.95
10	*Other Industrial Materials (18)*	370.40	+0.2	10.26	5.38	11.67	369.75	379.38	377.42	371.14	0.00
21	CONSUMER GROUP (195)	281.24	+0.1	12.74	5.68	9.57	280.91	281.34	285.03	281.53	207.66
22	Brewers and Distillers (20)	317.34	+0.5	14.50	5.98	8.20	315.91	314.59	315.92	313.04	276.28
25	Food Manufacturing (21)	256.77	+0.6	15.19	6.43	7.92	255.19	257.29	259.41	253.22	194.58
26	Food Retailing (14)	516.41	−0.1	9.65	3.41	12.31	516.84	522.40	526.41	522.77	318.83
27	Health and Household Products (7)	327.43	+0.7	8.46	4.47	14.08	325.29	322.77	326.22	316.70	201.48
29	Leisure (22)	424.92	−0.5	11.88	5.19	10.20	426.96	427.95	437.16	433.98	313.32
32	Newspapers, Publishing (12)	508.28	−0.3	11.69	5.59	12.07	509.77	514.00	516.33	517.70	409.18
33	Packaging and Paper (13)	150.82	−0.6	13.30	7.07	8.94	151.76	151.14	151.56	149.42	128.14
34	Stores (44)	266.47	−0.1	10.80	5.01	12.17	266.70	266.66	273.44	273.81	211.91
35	Textiles (23)	158.88	+0.1	8.56	5.70	15.63	158.66	160.04	162.46	158.22	119.85
36	Tobaccos (3)	260.77	−0.4	22.18	9.52	5.17	261.85	263.53	265.12	258.60	209.83
39	Other Consumer (16)	298.70	+0.2	10.10	6.36	13.58	298.18	300.27	302.74	301.14	0.00
41	OTHER GROUPS (79)	227.03	−0.9	13.57	6.66	8.96	229.05	229.47	233.36	230.46	206.10
42	Chemicals (15)	280.37	−1.4	11.61	7.41	10.76	284.49	282.08	289.89	285.05	380.20
44	Office Equipment (6)	114.76	−0.4	16.08	7.29	7.34	115.27	116.08	118.19	113.92	109.50
45	Shipping and Transport (13)	562.61	−0.7	16.12	6.42	7.43	566.33	568.32	568.16	565.21	525.87
46	Miscellaneous (45)	294.95	−0.4	14.19	5.75	8.50	296.25	299.64	302.96	301.67	248.23
49	INDUSTRIAL GROUP (488)	295.05	−0.1	12.17	5.38	10.05	295.41	296.09	299.77	296.60	225.92
51	Oils (12)	739.84	−2.2	24.09	7.60	4.60	756.83	749.90	771.78	770.41	814.07
59	500 SHARE INDEX	330.89	−0.5	14.18	5.75	8.38	332.50	332.62	337.70	334.64	272.17
61	FINANCIAL GROUP (118)	256.40	+1.1	—	5.69	—	253.70	253.29	256.66	253.59	202.69
62	Banks (6)	256.89	+3.3	35.57	7.06	3.28	248.68	250.12	252.59	250.85	228.04
63	*Discount Houses (10)*	274.49	−0.2	—	8.21	—	274.99	279.46	281.98	281.98	255.06
64	Hire Purchase (3)	249.65	−1.8	13.12	7.28	10.66	254.10	257.49	261.55	264.78	206.03
65	Insurance (Life) (10)	260.00	+0.6	—	5.82	—	258.39	258.02	264.03	260.43	194.08
66	Insurance (Composite) (9)	169.76	+0.3	—	7.50	—	169.31	165.78	167.37	162.00	129.11
67	Insurance Brokers (8)	402.16	+0.7	10.94	5.77	12.58	399.35	400.47	409.64	380.74	304.81
68	Merchant Banks (13)	165.90	+0.3	—	4.82	—	165.43	166.26	167.45	166.26	107.61
69	*Property (49)*	466.71	+0.3	3.80	2.96	36.30	465.30	466.50	474.62	480.16	382.55
70	*Miscellaneous (10)*	176.36	+1.2	17.92	5.87	6.77	174.26	175.49	175.32	171.81	129.35
71	Investment Trusts (109)	307.18	+0.3	—	5.11	—	306.32	306.64	306.19	304.23	225.60
81	Mining Finance (3)	246.77	−1.8	13.89	5.44	8.44	251.31	252.97	255.61	257.66	193.94
91	Overseas Traders (20)	462.84	−0.2	10.84	6.42	11.54	463.99	460.87	462.47	462.89	375.58
99	ALL-SHARE INDEX (750)	315.88	−0.2	—	5.71	—	316.48	316.49	320.76	317.96	255.70

FIXED INTEREST

	PRICE INDICES	Tues. June 9	Day's change %	Mon. June 8	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.50	+0.31	106.16	—	4.82
2	5-15 years	105.59	+0.71	104.85	—	5.23
3	Over 15 years	108.57	+0.73	107.78	—	5.44
4	Irredeemables	118.86	+0.81	117.89	—	6.46
5	All stocks	106.54	+0.59	105.91	—	5.15
6	Debentures & Loans	83.27	+0.22	83.09	—	4.89
7	Preference	63.37	+0.43	63.09	—	3.29

	AVERAGE GROSS REDEMPTION YIELDS		Tues. June 9	Mon. June 8	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.36	12.47	12.09
2		15 years	12.94	13.04	12.05
3		25 years	13.05	13.15	12.85
4	Medium Coupons	5 years	14.52	14.66	13.81
5		15 years	14.77	14.88	13.74
6		25 years	14.37	14.49	13.60
7	High Coupons	5 years	14.52	14.67	13.99
8		15 years	14.97	15.09	14.05
9		25 years	14.56	14.67	13.96
10	Irredeemables †		12.40	12.49	11.41
11	Debs & Loans	5 years	15.40	15.44	14.58
12		15 years	15.40	15.44	14.46
13		25 years	15.40	15.44	14.43
14	Preference †		15.66	15.74	15.77

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 93.2 93.3 ... 34.47
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM32.63 34.30 +0.05 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 26 $4.93 5.18 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.11 17.54 +0.03 —
Int. Rentenfonds DM62.85 64.42 +0.25 —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV June 2 US$32.96 35.06 ... —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 38.9 40.8 ... 7.20
DL International 51.34 1.41 ... 5.30

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 162.0 173.8 ... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 66.1 70.4 ... 7.10
E. A. Sterling* 68.82 68.87 ... —
E. A. Equity* 70.64 75.15 ... 1.66
Wardgate Cm. Fd.** 17.20 17.80 ... 2.79
*Next dealing June 10. **Next dealing June 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.
Tel: 01-247 7243. Telex 8814408.
Euro Hldgs US$20.85 20.65 +0.04 9.20

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse., London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$42.23 −0.05 1.94

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$12.38 ... 1.18
F. & C. Oriental Fd. US$23.86 ... 0.43
Prices June 3. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$44.08 −0.18 1.13
Am. Vals. Com.Pf. $3* $101.50 ... —
American Vals. Com.* $18.69 ... —
Dollar Savings Trust US$80.12 +0.03 16.93
Far East US$32.99 −0.37 —
International US$47.25 ... —
Pacific US$106.74 −8.2 —
World US$26.22 −0.21 —
Gilt Fund 22.2 22.4 +0.1 13.95

[illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 147.2 156.9 ... 3.26
H.S. Fixed Int. Fd. 90.0 94.0 −3.0 12.70
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$25.71 26.74 +0.24 —
CSF Fd. (Acc.) SF19.04 19.43 +0.14 —
Crossbow Fd. SF7.19 7.32 −0.01 —
ITF Fd. (Acc.) US$11.92 14.18 ... —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. 100.4 106.9 ... —
Next dealing day July 1.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda(OfferPce) DFl72.65 — +0.30 2.48

International Bond Trust
2, Boulevard Royal, Luxembourg.
NAV June 9 US$9.99 9.59 −0.05 —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.

[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
[illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.18 9.32 ... —
Prices on May 18. Next dealing May 26.

Save & Prosper International

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	64.4	69.2	-1.1	2.10
Abbey Capital	50.6	54.7	+0.1	4.02
Abbey General	59.2	64.0	+0.4	4.80
Abbey Gilt & F.I. Tst.	100.3	105.4xd	+0.7	12.41
Abbey Income	39.1	42.3	.....	8.35
Abbey W'w.Bd.Tst.	93.9	99.4xd	-0.2	6.74
Abbey Inv. Tst. Fd.	53.4	57.7	+0.1	4.16
Equitas Prog. Tst.	84.3	91.1xd	+0.4	4.49

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.2	87.8xd	+0.2	13.82

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.3	100.9	+0.4	5.55
Brit. Inds. Fund	79.8	85.4xd	-0.1	5.97
Growth & Income	54.8	58.6	+0.2	4.77
Elect. & Ind. Dev.	47.3	50.6	+0.1	4.94
Allied Capital	101.6	108.7	-0.1	4.65
Hambro Fund	137.4	147.1xd	+0.5	5.65
Hambro Acc. Fund	193.1	206.6	+1.4	3.97
Income Funds				
High Yield Fd.	71.9	76.9	.....	7.80
High Income	85.3	91.3	+0.1	7.01
Equity Income Fd.	49.4	52.9	+0.3	4.92
Govt. Secs.	24.0	24.6xd	+0.1	12.90
International Funds				
International	39.0	41.7	-0.7	1.99
Japan Fund	27.9	29.8	-0.2	0.21
Pacific Fund	78.1	83.6	-0.8	0.75
Secs. Of America	88.5	94.7xd	-1.3	1.69
Specialist Funds				
Smaller Co.'s Fd.	60.8	65.1	-0.1	3.99
2nd Smlr. Co's Fd.	74.9	80.1	-0.2	3.75
Recovery	29.4	31.5	+0.1	3.48
Met. Min. & C'dty.	69.2	74.0	-0.3	4.96
Overseas Earnings	72.7	77.8xd	+0.6	4.74
Exempt Funds				
Income Exempt	56.6	59.4	+0.1	7.15
Far East Exempt	81.3	84.5xd	-0.8	0.89
Smaller Co. Exempt	97.5	102.4	-0.1	3.16
U.S.A. Exempt	145.7	151.5	-1.4	2.05

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	71.0	76.5	.....	3.25

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	165.0	175.0	.....	9.21
Leics.&Gen.Fd.	54.0	57.0	.....	6.82

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	42.75	45.00	.....	3.22
Do. Accum.	54.40	57.25	.....	3.22

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	38.1	41.0	.....	—
Commodity**	96.0	103.6xd	.....	2.10
(Accumulation)	151.4	163.5xd	.....	2.10
(10% Withdrawal)	69.6	75.1xd	.....	2.10
Eastern & Internat†.	55.6	59.8	-0.3	1.00
(6% Withdrawal)	38.1	41.0	.....	1.00
Extra Income	90.8	97.7xd	-0.2	9.96
(Accumulation)	114.3	123.0xd	-0.2	9.96
Finance & Property*	27.2	29.3	+0.2	3.66
Foreign††	154.5	161.0xd	-0.5	1.00
Gilts	51.8	55.9	.....	4.15
(Accumulation)	67.9	73.1	.....	4.15
Gilt & Fixed	40.0	47.9xd	+0.3	12.04
(Accumulation)	44.5	46.7xd	+0.4	12.04
Growth	47.0	50.6	-0.4	3.76
(Accumulation)	62.0	66.7	-0.5	3.75
High Income	38.1	40.9	.....	8.71
(Accumulation)	64.7	69.5	-0.1	2.71
(8½% Withdrawal)	50.5	54.2	-0.1	0.71
High Yield	40.8	44.4xd	+0.5	11.08
(Accumulation)	74.4	80.9xd	+0.5	11.08
North American††	41.0	44.1xd	.....	1.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	37.6	47.1	-0.2	11.06
North American	74.0	79.9	-1.0	2.12
Canadian Exempt*	78.8	83.3xd	+2.6	3.77
Canadian Trust	72.6	78.4xd	-1.7	2.26
Md Mkt. High Inc.*	50.3	53.2	+0.3	9.05
Recovery	58.7	64.2	-0.1	6.49
Gilt Trust	40.5	42.4xd	-9.7	13.61

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	50.2	54.2	-0.7	0.46
Cres. Internat'l.	93.6	101.0	-1.1	1.55
Cres. High. Dist.	45.3	48.9xd	-0.2	9.71
Cres. Reserves	52.8	57.0	+0.2	5.15
Cres. Tokyo	38.3	41.3	-0.7	0.39

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0	-0.1	8.34

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. May 29	258.9	276.1xd	.....	4.83

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.9	22.0	.....	7.48
Gt. Winchester O'seas	30.5	33.8	.....	2.98

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	95.8	100.8	+0.4	4.29

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	47.5	51.1	-0.3	0.44
Amer. Spec. Sits. (z)	33.8	36.4xd	-0.5	0.14
Gilt + Fixed Int.	23.4	24.6	.....	13.00
Growth + Income	34.8	37.5xd	+0.1	6.79
Maximum Inc. Eq. Tst.	30.3	32.6xd	.....	8.04
Special Sits.	43.9	47.3	.....	1.61

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	42.1	45.3	.....	1.63
Accum. Units	52.4	56.3	.....	1.63
J. Finlay High Income	38.8	41.7	.....	9.24
Finlay Wld. Energy	19.2	20.6	-0.3	1.19
Accum. Units	24.8	26.6	-0.4	1.19
J. Finlay Fd.In.Tst.	40.5	43.5	.....	4.44
Accum. Units	52.5	56.4	.....	4.44

Prices on June 3. Next dealing June 10.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	100.0	106.8	-1.4	0.75
Am. T'around	92.8	99.2	-1.8	1.39
Capital Tst.	66.2	70.8	+0.2	4.29
(Accum. Units)	70.0	74.8	+0.2	4.29
Convertible & Gilt	48.6	51.0	+0.2	9.96
(Accum. Units)	48.6	51.0	+0.2	9.96
Extra Income Trust	55.2	59.0	+0.2	8.80
Income Tst.	44.2	47.2xd	-2.0	7.09
Int. Growth Fd.	76.2	81.6xd	-0.8	1.10
(Accum. Units)	82.2	87.8	-0.8	1.10

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	85.6	92.1	.....	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	67.0	71.6xd	+0.3	4.22
Do. Accum.	97.9	104.6	+0.4	4.22

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 21	149.6	152.9	.....	4.59
Gross Inc. May 21	86.5	89.1	.....	10.89
High Yield May 21	100.3	102.3	.....	10.17

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	163.2	175.4	-2.3	2.10
Do. Acc.	209.7	225.4	-2.9	2.10
G.T. Inc. Fd. Un.	221.9	238.5	-1.2	7.70
G.T. U.S. & Gen.	252.2	271.1	-5.2	1.30
GT Wld. Ed. Fd.	98.6	102.7	-0.3	7.30
G.T. Japan & Gen.	122.5	131.7	-1.9	1.30
♦Gt. Pens. Ex. Fd.	394.8	415.9	-6.2	1.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 4114

Equity Accum. (2)	262.2	275.9xd	.....	3.95

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund May 31		150.70	.....	6.76
Wider Fund May 31		274.60	.....	4.92
Narrower Fd. May 31		75.50	.....	13.50

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	78.6	83.7	-0.6	1.86
(Accum. Units)	84.4	89.9	-0.6	1.86
American Recovery	90.3	96.6xd	-0.8	1.34
(Accum. Units)	93.3	99.8	-0.9	1.34
Australasian	114.1	122.1	-0.6	0.83
(Accum. Units)	119.4	127.8	-0.7	0.83
Commodity	148.0	158.4	-1.4	2.68
(Accum. Units)	174.1	186.3	-1.6	2.68
Compound Growth	197.8	211.2	-1.0	2.85
Conversion Growth	130.5	139.6	-0.9	2.04
Conversion Income	79.1	84.6	-0.9	8.92
Dividend	137.4	147.7xd	-1.3	8.69
(Accum. Units)	314.2	337.8	-3.1	8.69
European	60.2	64.7	+0.2	3.54
(Accum. Units)	66.0	70.9	+0.3	3.54
Extra Yield	89.4	96.6	-0.6	8.90
(Accum. Units)	145.4	157.0	-1.0	8.90
Far Eastern	140.4	150.2	+1.3	0.92
(Accum. Units)	135.5	145.7	+0.1	0.92
Fund of Inv. Tsts.	99.3	106.8xd	+0.1	4.31
(Accum. Units)	135.5	145.7	+0.1	4.31
General	245.4	263.8	-1.1	5.67
(Accum. Units)	425.4	457.3	-1.7	5.67
Gilt Income	44.1	46.3xd	-0.4	11.33
(Accum. Units)	45.7	48.0	-0.5	11.33
High Income	116.3	124.4xd	-1.0	8.56
(Accum. Units)	239.8	256.6	-2.1	8.56
Japan	185.9	198.9xd	+0.3	0.55
(Accum. Units)	195.5	209.2	+0.2	0.55
Magnum	361.1	382.8	-2.1	4.94
(Accum. Units)	499.4	529.4	-2.8	4.94
Midland	173.6	185.7xd	-1.4	8.88
(Accum. Units)	342.7	366.7	-2.7	8.88
Recovery	139.6	149.4	-0.5	4.69
(Accum. Units)	156.1	167.0	-0.6	4.69
Second General	267.7	287.8xd	-0.9	4.73
(Accum. Units)	453.7	487.7	-1.7	4.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	183.5	197.3xd	-1.0	2.35
(Accum. Units)	237.5	255.3	-1.5	2.35
Income Fnd.	231.8	249.2xd	-0.2	7.89
(Accum. Units)	409.9	440.7	-0.4	7.89
Gen.	137.9	148.2	-0.5	3.52
(Accum. Units)	186.7	200.7	-0.6	3.52
Europe	21.3	22.9xd	-0.1	2.84
(Accum. Units)	25.4	27.3	-0.1	2.84
Smaller Co.'s	154.8	166.4xd	-1.3	2.57
American	58.9	63.3	-1.5	0.50
(Accum. Units)	58.9	63.3	-1.5	0.50
Tokyo	54.6	58.7	-0.5	0.21
(Accum. Units)	54.6	58.7	-0.5	0.21
Gilt & Fixed	46.5	48.9	+0.6	11.45
(Accum. Units)	46.5	48.9	+0.6	11.45
Australian	55.3	60.1	-0.6	1.76
(Accum. Units)	55.3	60.1	-0.6	1.76
*Ph.&C. Fd. May 26	246.0	258.9	.....	4.89
*Recovery June 9	321.0	337.8	+0.7	3.80
*Spec. Ex. May 26	502.4	528.8	.....	1.92
*Euro. Exempt June 4	105.5	111.0	.....	1.83

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	103.8	112.1	+0.3	5.39

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	65.4	69.6	+0.4	5.01
Accum. Units	84.6	90.0	+0.5	5.01

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.
For Security Selection see McAnally Fund Management.

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	10.02
SIMCO 7-Day Fund†	100.0	—	.....	11.42

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	104.4	111.2	.....	1.92
Accum. Units	113.6	121.1	.....	—
Withdrawal Units	82.5	90.9	.....	—
*Stewart British Capital Fund				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	99⅛	Exch. 9½pc 1981	99⅞	+⅛	9.54	12.11
98¼	93¾	Exch. 3pc 1981	96¼	+⅛	3.05	12.56
99⅞	99⅛	Treas. Variable '81§§	99⅞	−⅛	12.98	13.67
100⅞	99⅛	Exch. 12¼pc 1981‡‡	99¼	+⅛	12.98	13.13
97⅞	95⅞	Treas. 8¼pc '80-82‡‡	97⅝xd	+¼	8.70	12.81
95	91⅞	Treasury 3pc '82‡‡	93¼	.....	3.20	12.74
102⅛	100½	Treasury 14pc '82‡‡	100⅝	+⅛	13.91	12.96
99⅞	98⅞	Treas. Variable '82§§	99⅛xd	−⅛	13.02	13.69
95⅞	93⅛	Treasury 8¼pc '82	95¼xd	+¼	8.67	13.35
96⅞	93⅞	Exch. 9¼pc 1982	94½	+¼	9.78	13.97
95	92⅝	Exch. 8¾pc 1983	93½xd	+¼	9.33	13.30
89¼	84⅞	Exch. 3pc 1983	88½	.....	3.40	10.80
99⅞	96⅞	Treasury 12pc 1983‡‡	96⅞	+⅛	12.41	14.11
98⅞	96¼	Treas. Variable '83§§	98⅞	−⅛	13.11	13.71
94⅛	91¼	Treasury 9¼pc '83	91⅞	+⅛	10.08	13.93
101⅞	98¼	Exch. 13½pc '83	98⅝	+⅛	13.68	14.13
94⅛	91¼	Exch. 10pc 1983	92⅝xd	+⅛	10.91	14.08
87¼	84½	Funding 5½pc '82-84‡‡	85⅝xd	+¼	6.42	12.12
96¼	93	Exch. 11¼pc 1984	93⅞	+½	12.04	14.25
103⅞	98⅞	Exchequer 14pc 1984	99¼	+⅛	14.10	14.31
80⅝	78½	Exch. 3pc 1984	79¼xd	+¼	3.78	11.29
98⅛	94	Treasury 12pc 1984	94½	+⅛	12.71	14.13
107¼	101⅞	Treasury 15pc 1985	102¼	+⅛	14.66	14.36
		Exch. 12pc Cnv. '85	93¾	+⅛		

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCE

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.5
34	14	ACM 20c	33	......	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
226	137	Bond Corp.	226	......	Q7½c	1.9	1.8
104	76	Bougainville 1 Kina	100	......	Q26c	1.0	14.4
302	214	CRA 50c	268	......	Q19c	1.7	3.8
25	17½	Canada Northwest	18	−½	—	—	—
35	16	Carr Boyd 20c	19	......	—	—	—
415	80	Central Pacific	105	......	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	28	Cultus Pacific N.L.	34	......	—	—	—
63	22	Eagle Corp. 10c	50	−2	—	—	—
40	29	Endeavour 20c	33	......	—	—	—
500	310	G. M. Kalgoorlie 25c	395	−10	†Q13c	ϕ	1.8
25	10	Great Eastern	11½	......	—	—	—
275	180	Hampton Areas 10p	210	−5	t2.5	2.4	1.7
168	50	Haoma Gold N.L.	50	......	—	—	—
85	35	Intl. Mining	35	−2	—	—	—
245	140	Kitchener NL 25c	145	−5	—	—	—
105	40	Leichardt Expln.	48	−2	—	—	—
430	275	Meekatharra	390	−10	—	—	—
70	49	Metals Ex. 50c	61	−1	¶Q3c	2.9	2.7
38	20	Metramar Mns. 20cts.	32	......	—	—	—
290	190	M.I.M. Hldgs. 50c	276	−11	‡Q27.6c	1.7	‡
21	10	Minefields Expl. 25c.	14	......	—	—	—
123	83	Mount Lyell 25c	117	−6	♦Q15c	1.7	7.1
20	13	Newmetal 20c	14	+1	—	—	—
69	41	Nickelore N.L.	64	......	—	—	—
204	149	North B. Hill 50c	189	−5	Q18c	3.1	5.3
84	50	Nth. Kalgurli	67	+1	—	—	—
175	94	Nth. Mining Corp.	163	......	—	—	—
122	38	N. West Mining N.L.	40	......	—	—	—
148	106	Oakbridge 50c	148	......	tQ12c	1.1	4.4
185	138	Otter N. L.	150	......	—	—	—
186	164	Pacific Copper	184	......	—	—	—
605	400	Pancont'l 25c	400	−10	—	—	—
72	42	Paringa M&Ex.5p	69	......	—	—	—
525	375	Peko-Wallsend 50c.	505	+10	♦Q22½c	ϕ	2.4
43	27	Pelsart Res NL	33	......	—	—	—
120	85	Seltrust A	110	......	—	—	—
157	34	Southern Pacific	44	......	—	—	—
85	40	Swan Resources 20c.	70	−2	—	—	—
400	9½	West Coast 25c	10½	......	—	—	—
325	227	Westn. Mining 50c.	315	......	Q14c	1.6	2.4
27	16½	Westmex	18½	......	—	—	—
76	46	Whim Creek 20c.	54	−2	—	—	—
101	58	York Resources	68	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
16	9	Amal Nigeria 1p	9½	......	‡6.0	—	—
300	250	Ayer Hitam SM1	250	......	‡Q205c	1.0	‡
75	54	Beralt Tin	75	......	5.0	3.3	9.5
155	125	Geevor	130	+2	‡8.4	1.9	‡
10	8	Gold & Base 12½p	9½	......	—	—	—
660	540	Gopeng Cons.	540	......	‡30.0	1.8	‡
450	360	Hongkong	360	......	21.0	ϕ	8.3
125	115	Idris 10p	120xd	−2	9.0	ϕ	10.7
15½	13	Jantar 12½p	15½	......	1.5	ϕ	13.8
98	65	Kamunting SM0.50	65	......	‡Q60c	1.0	‡
600	363	Killinghall SM1	600	+10	‡Q66.7c	ϕ	2.3
114	88	Malay Dredging 10c	114#	......	♦‡Q38c	0.9	6.8
68	30	Pahang	63	......	0.63	0.8	1.4
118	90	Pengkalen 10p	108	−2	3.5	0.6	4.6
380	330	Petaling SM1	330	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi SM1	210	......	‡Q430c	1.1	‡
180	95	Supreme Corp. SM1	170	......	gQ15½c	ϕ	1.9
118	116½	Tanjong 15p	118	......	23.5	ϕ	4.3
90	75	Tongkah H. Tin I$m	75	......	Q23%	0.4	6.1
410	342	Tronoh SM1	350xd	......	Q110c	1.2	6.4

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
335	165	Messina R0.50	320	......	†Q45c	4.7	8.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
175	142	Anglo-Dominion	175	+15	—	—	—
55	40	Barymin	47	+2	—	—	—
25½	14	Burma Mines 10p	23	......	0.75	0.9	4.7
330	180	Colby Res. Corp.	280	−10	—	—	—
275	200	Cons. Murch. 10c.	275	......	tQ30c	1.8	6.2
98	70	††Hemerdon 10c.	70	......	—	—	—
180	135	Highwood Res.	150	−5	—	—	—
400	300	Northgate C$1	355	−10	—	—	—
580	372	R.T.Z.	505	−8	16.0	3.2	4.5
£125	£93½	Do. 9⅞% Cv. Uns. Ln. '95-2000	£114	−1	Q9⅞%	—	f8.6
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	32	Sabina Inds. C$1	34	+2	—	—	—
44	28	††SWCM 10p	39	......	—	—	—
550	465	Tara Exptn. $1	535	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∗∗ Regional price.
- || No par value.

$$ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	42	+2
Bertam	15	......
Bdg'wtr. Est. 50p	465	+15
Craig & Rose £1	£11½	......
Fife Forge	66	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	£22½	......
Higsons Brew	73	......
Holt (Jos) 25p	480xd	......
I.O.M. Stm. £1	158	......
Pearce (C. H.)	950	......
Peel Hldgs.	100	......
Sheff. Refrshmt.	99	......
Sindall (Wm.)	195	+7

IRISH

Conv. 9% '80/82	£92⅞	......
Nat. 9¾% 84/89	£74	......
Fin. 13% 97/02	£79	......
Alliance Gas	77	......
Arnott	295	......
Carroll (P.J.)	90	+2
Concrete Prods.	90	......
Helton (Hldgs.)	28	......
Ins. Corp.	420	......
Irish Ropes	50	......
Jacob	56	......
T.M.G.	17	+2
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
BOC Intl.	11
B.S.R.	7
Babcock	11
Barclays Bank	36
Beecham	18
Blue Circle	35
Boots	20
Bowaters	24
Brit. Aerospace	17
B.A.T.	25
Brown (J.)	9
Burton Ord.	14
Cadburys	7½
Courtaulds	7
Debenhams	10
Distillers	17
Dunlop	8½
Eagle Star	25
F.N.F.C.	3
Gen. Accident	30
Gen. Electric	60
Glaxo	28
Grand Met.	18
G.U.S. 'A'	44
Guardian	30
G.K.N.	15
Hawker Sidd	25
House of Fraser	14
I.C.I.	20
"Imps"	7
I.C.L.	6
Ladbroke	30
Legal & Gen.	20
Lex Service	10
Lloyds Bank	28
"Lofs"	4½
London Brick	7
Lucas Inds.	18
"Mams"	20
Mrks. & Spncr	11
Midland Bank	26
N.E.I.	8
Nat. West. Bank	32
P & O Dfd.	12
Plessey	23
Racal Elect.	34
R.H.M.	5
Rank Org. Ord.	18
Reed Intnl.	25
Sears	5
Tesco	5½
Thorn EMI	30
Trust Houses	15
Tube Invest.	18
Turner & Newall	10
Unilever	50
Utd. Drapery	6½
Vickers	18
Woolworths	6

Property

Brit. Land	8
Cap. Counties	11
Land Secs.	37
MEPC	20
Peachey	15
Samuel Props.	13
Town & City	2¾

Oils

Brit. Petroleum	33
Burmah Oil	16
Charterhall	8
KCA	22
Premier	7½
Shell	32
Tricentrol	30
Ultramar	44

Mines

Charter Cons.	21
Cons. Gold	45
Lonrho	9
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday June 10 1981

Lotus signs co-operation agreement with Toyota

By John Griffiths

LOTUS CARS has signed an agreement in principle with Toyota, Japan's largest car manufacturer, to co-operate on a long-term basis in engineering, manufacturing and other areas where practical.

One of its more important results for Lotus is expected to be the appearance in the mid-1980s of a new cheaper Lotus car aimed to sell at below £10,000 at current proces and fitted with 1.6 litre and 2 litre Toyota overhead camshaft engines.

Lotus built about 450 cars last year at its Hethel plant near Norwich This was down by a half from the boom year of 1979, as a result of domestic recession and the steep rise in sterling. The strong pound cut exports from 70 per cent of output to 40 per cent in two years.

Output

It is intended to produce the new car at an eventual rate of up to 5,000 a year and take Lotus back into the higher volume market it abandoned with the decision to move out of the kit car market and into the luxury sporting sector early in the 70s.

At that time Lotus was making up to 100 cars a week and employing 1,000 people. Current output is about 35 a month and the workforce is now under 500. The new car could mean that employment will return to about 1,000.

However, Mr Colin Chapman, Lotus' chairman, stressed yesterday that the agreement is only in principle and that it will be some time—probably two years at the minimum—before any other tangible results in terms of joint projects, are seen.

Lotus is officially still evaluating the engines. Toyota has been examining Lotus products to gain a more precise idea of where Lotus development and engineering expertise may be of assistance in its car manufacturing operations.

Mr Chapman made it clear that Lotus intends to stay independent and that the new car would be sold through Lotus' own outlets.

Heseltine threat on council grants

BY ROBIN PAULEY

THE GOVERNMENT is threat*ening to withhold all grants in* 1981-82 from any local authority which refuses to revise its budget for the year.

As some councils depend on grants to fund 80 per cent of their spending, this would mean big cuts in services or heavy supplementary rates.

The Government has asked for revised budgets because councils collectively have exceeded the Government's spending target for 1981-82 by about £1bn.

As 435 of the 456 councils in England and Wales have included an inflation provision in their budgets higher than the Government's assumptions of 6 per cent for pay and 11 per cent for prices, Mr Michael Heseltine, Environment Secretary, also proposes to send in *special auditors* to check any council's inflation budgeting which he considers excessive.

The proposals were immediately attacked as "blatant intimidation" by Mr Jack Smart, chairman of the Association of Metropolitan Authorities.

Mr Tom Caulcott, AMA secretary, said last night: "I think this is an outrageous and illegal threat. Grant is not discretionary. Although the amount of grant payable can be varied by means of a number of technical formulae I do not think it is possible simply to withhold the total amount from a council when it has been approved by Parliament."

The AMA was evidently hoping to get Mr Heseltine to change his plans before he makes them an official order in a circular to councils.

A confidential draft circular explains that grants of £450m will be withheld from councils unless they submit revised budgets by the end of July, eliminating some of the projected overspend of £800m. This translates to a cash figure of £1.25bn when inflation provisions are included.

But paragraph 10 also says: "*The department cannot undertake to pay any particular level of grant to authorities which do not complete them (the revised budget forms.)*"

Another paragraph warns that inflation figures falling outside a range "typical for authorities within a class" will be audited. The Government's inflation assumptions aggregated make 6.7 per cent for the year. Councils have budgeted for 9.3 per cent on average, but 42 councils have an inflation provision of more than 15 per cent.

The Government appears to be trying to force councils to take its call for revised budgets seriously.

Angry AMA leaders last week almost decided not to send any forms in, but delayed the decision until a full special meeting next Monday.

Some AMA councils—mainly those which changed to Labour control in May elections—want to send in the revised forms so they can increase their spending plans. The Greater London Council is the most notable of these.

Councils reject inflation estimate, Page 10

France orders 25 Airbuses

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEW A-320 150-seater version of the European Airbus was firmly launched on world markets yesterday with an order from Air France at the Paris Air Show for 25 aircraft, with another 25 on option.

The firm order is worth at least $625m (£322m), with each A-320 costing about $25m, excluding spares.

Announcing the order, which follows a letter of intent signed last week, Air France said deliveries were due to start in 1986.

Of the 50 aircraft, 34 will be the Series 200 version, seating between 150 and 170 passengers. The rest will be the Series 100 version, with seating for 130-150.

The planned aircraft is twin-engined. It is designed for short-range flights. It supplements the Airbus Industrie group's existing programmes, the 250-seat A-300 and the smaller 200-seat A-310, both of which are already in production, with the A-300 already in service.

Although Airbus Industrie's plans to build the A-320 have been discussed in the aerospace industry for some months, the project was formally launched at the Paris Air Show last week. M Bernard Lathiere, president, said the partners in the group had authorised the Board to start detailed marketing discussions with airlines.

The Air France order is likely to encourage other airlines interested in the 150-seater to place orders and avoid being left at a competitive disadvantage.

It is not yet known which parts of the aircraft will be built by which members of the Airbus consortium.

British Aerospace, which has a 20 per cent stake in Airbus Industrie, builds the wings for the A-300 and A-310, but has not yet finally decided which parts it wants to build for the A-320.

It has expressed interest in building the nose section, including the flight deck, and also undertaking final assembly of the aircraft in the UK.

Wisley Airport plans rejected, Page 10; Fokker and BAe contracts, Page 7

Interim offer to air traffic controllers

BY PHILIP BASSETT, LABOUR STAFF

AIR TRAFFIC control staff, whose strikes have played a major part in the Civil Service unions' pay campaign, were yesterday offered an immediate interim rise of 7 per cent on condition that they take no further part in industrial action over the dispute.

Since 7 per cent has already been offered to the Civil Service, union leaders saw the move by *the Civil Aviation Authority* as an attempt to divide their ranks. A circular to CAA members from Mr. John Macreadie, vice-chairman of its trade union side, said letters from the management on the offer should be thrown into the wastepaper basket.

Given the sometimes patchy support among air traffic control staff for the recent action, however, the offer of immediate money may prove attractive to some. The CAA is seeking a reply before Civil Service union leaders meet on June 18 to decide whether to *call an all-out strike but it has* no plans to ballot or consult staff over the unions' heads. Further air traffic strikes are planned for later this week.

A letter to Mr Macreadie from Mr John Lockwood, CAA group director of personnel services, which points out the harm suffered by customers during the action, says: "We believe that the time has come to seek a resolution of the issue as far as the authority is concerned, since a resolution appears to be no nearer in the Civil Service."

Thet proposed increase would *be backdated to April 1. Any* eventual settlement above 7 per cent could still be applied in the CAA, whose pay is linked with the Civil Service.

All-out call, Page 11

U.S. agrees to raise Soviet grain quota

BY JOHN EDWARDS, COMMODITIES EDITOR

THE U.S. agreed yesterday to allow the Soviet Union to buy an extra 6m tonnes of grain—3m tonnes of wheat and 3m tonnes of maize.

Shipment must be made by the end of September, when their five-year agreement expires.

The 6m tonnes is in addition to the 8m tonnes already sold by the U.S. to the Soviet Union under the five-year agreement, which was not affected by the embargo imposed by President Jimmy Carter in January last year in protest at the Soviet invasion of Afghanistan.

After two days of talks in London aimed at normalising grain trade between the two countries it was agreed that not only could the Soviet Union buy an extra 6m tonnes this season but that, pending a new agreement, it would also be allowed to purchase reasonable quantities for delivery after September 30. If the total reaches 6m tonnes the U.S. will require further discussions.

There is no firm commitment by the Soviet Union to buy the quantities specified; it simply has permission to do so

The embargo, which was lifted by the Reagan Administration in April, banned grain sales by the U.S. over and above the commitments under the five-year agreement. When the embargo was imposed the Russians had contracted to buy 17m tonnes of grain in addition to 8m tonnes under the agreement, but had to seek supplies elsewhere.

A poor harvest in the Soviet Union last year means that it still needs to import grain to rebuild stocks, in spite of hopes for a bumper crop this year. However, its success in obtaining supplies from other grain-exporting countries has made it far less dependent on purchases from the U.S.

Continued from Page 1

Nuclear watchdog's attack

arranged to make way for a lengthy statement by the director general. One of the governors listening was Mr Rahim Abid Al-Kital, commissioner of the Iraqi Atomic Energy Agency.

"A non-NPT (non-prolifera*tion treaty) country has* evidently not felt assured by our findings and about our ability to continue to discharge our safeguarding responsibilities effectively," Dr Eklund said.

"In the interests of its national security it has felt motivated to take military action. From a point of principle, one can only conclude that it is the agency's safeguards *regime which has also been* attacked."

The latest IAEA inspection of the Iraqi facilities at the Tuwaitha Centre near Baghdad was held in Janaury. Dr Eklund said all nuclear material had been satisfactorily accounted for, including the initial French delivery, made last year, of *93 per cent enriched uranium* for use in the research reactor bombed on Sunday.

The next IAEA inspection had been due last weekend but had been postponed at the request of the Iraqis in view of the scheduled board meeting in Vienna. A provisional date had been fixed for the end of this month.

As a result of the Israeli bombing, the IAEA has now urged that the date of the inspection be brought forward. It has also told the Iraqi Government that radiological assistance will be made available to it if required.

Dr Eklund added that he had no details of the extent of the damage at the Tuwaitha *Centre.*

It houses three facilities. These are an IRT 2000 2-megawat reactor supplied by the Soviet Union, in operation since 1969; the so-called Tamuz 1 40-megawatt thermal reactor and an associated Tamuz 2 500-kilowatt reactor, using 93 per cent enriched uranium; and a separate storage depot for natural and depleted uranium.

It appeared to be the Tamuz *plants which had borne the* main impact of Sunday's raid.

Continued from Page 1

Kania confirms reform

offended against ideological rules.

The Soviet letter had said that the elections preceding the Congress were producing delegates "elected quite accidentally and who often held social democratic beliefs."

Mr Kania, however, defended the delegates who had already been elected and said the "results are not bad."

He also upheld the leadership's commitment to the reforms initiated last year. "In spite of the difficulties there is no reasonable alternative," he said.

But he warned against attempts by "counter-revolutionaries" to turn Solidarity into a political party.

He appealed to Solidarity to share responsibility with the authorities for alleviating Poland's economic crisis. And he called on workers in industries which had the raw materials available to work a six-day week.

Francis Ghiles writes: Poland's foreign trade bank, Bank Handlowy, *confirmed to* Banque Nationale de Paris yesterday that it would repay the last coupon, amounting to just over $3m, on the $30m Floating Rate Note issue to June 10, 1981, which the French bank arranged for its Polish counterpart in 1976. The bank gave no indications, however, of its intention regarding repayment of the principal amount of this note.

Continued from Page 1

BP

by a further 2p a gallon—also an an across the board basis.

However, BP Oil stressed that it needed to add yet another 4p a gallon to all its oil product prices to restore its refining operations to profitability. If all the extra required were loaded onto petrol, it would mean increases at the *pumps of 6p to 10p a gallon.* Coming on top of abandoning price support, this would be the equivalent of 20p a gallon more for motorists at many BP Oil or National stations in major towns and cities.

Withdrawal of support for petrol dealers was described by BP as an attempt to end the price war at the pumps. It said the major oil companies had been subsidising petrol "on and off" since 1975.

BP and National, which together have 5,000 UK petrol stations, have been giving price support of between 0.5p and 10p a gallon to about half their dealers. Average support had been 7p a gallon. This has been given chiefly in urban areas where the price war at the pumps has been fiercest.

Competition on petrol sales *has been stiffest in the North* West, the Midlands and North Wales—but BP said it was reaching London and the South East.

Last night there was little indication as to whether the other major petrol companies, who all admit they are losing heavily on their UK refining operations, would follow BP Oil's lead and either end price support for dealers or raise *wholesale petrol prices.*

The initial reaction of one company, which preferred not to be named, was that if the higher petrol prices brought about by the ending of support for dealers did not hold up in the market place then "BP Oil is going to lose a lot of market share."

Many BP Oil competitors would clearly be happy to pick up any petrol market share it *losses.*

● The Department of Energy yesterday released a report which claims that almost 10m tonnes of oil a year could be saved by the end of the century through technical developments in vehicle engine, transmission and body design. The 10m tonnes figure is the equivalent of about 40 per cent of the total fuel used in UK cars and other vehicles in 1978.

Fed backs offshore banking plan

By David Lascelles in New York

THE FEDERAL Reserve Board yesterday gave its blessing to a plan to permit offshore banking in the U.S. by means of so-called international banking facilities (IBFs). It also modified the plan slightly to accommodate bank criticisms of the original proposal.

The facilities will be able to take in and lend out Eurocurrencies (currencies which are traded outside the countries to which they belong) free from a number of U.S. banking regulations, and their operations will be exempt from state and local taxation. So they will be a means for U.S. banks to compete directly in the Eurodollar markets without having to establish foreign subsidiaries.

By a unanimous vote, the Fed approved proposals which had been circulated for comment in the banking industry since November. However, it made some minor modifications. The starting date has been put back from October 21 to December 3.

More significantly, the Fed watered down several conditions for IBF's following complaints from banks. It reduced the minimum amount for deposits and withdrawals from $500,000 (£257,600) to $100,000. It also exempted banks—though not corporate depositors — from a 48-hour notice of withdrawal rule.

Banks have been lobbying for several years for the right to conduct offshore banking in the U.S. one of the few major countries which imposes regulations preventing banks doing this kind of business on their home turf.

Specifically, the Fed has agreed to exempt IBF's from its reserve requirements and interest rate ceilings, both of which constitupte a competitive handicap.

Weather

UK TODAY

DRY IN the south at first, followed by showers from the north. Cool.

S. E. England, Midlands, Channel Islands
Dry, some sun. Max. 17C (63F).

N. England, N. Wales, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland.
Sunny intervals, some showers. Max. 15C (59F).

Elsewhere
Cloudy with showers, sunny intervals later. Max 12C (54F).

Outlook: rain. Warmer.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	London	C	16	61
Algiers	S	25	77	L. Ang.†	C	18	64
Amsdm.	F	18	64	Luxmbg.	C	17	63
Athens	S	25	77	Luxor	S	39	102
Bahrain	S	33	91	Madrid	S	30	86
Barclna.	S	26	79	Majorca	S	33	91
Beirut	S	30	86	Malaga	S	25	77
Belfast	C	14	57	Malta	S	28	82
Belgrd.	F	26	79	Mchstr.	C	13	55
Berlin	F	25	77	Melbne.	C	13	55
Biarritz	C	16	61	Mx C.†		—	—
Bmghm.	C	15	59	Miami†	F	28	82
Blackp'l	R	13	55	Milan	S	27	81
Bordx.	C	15	59	Montrl.†	C	17	63
Boulgn.	C	15	59	Moscow	F	23	73
Bristol	C	15	59	Munich	F	27	81
Brussels	C	16	61	Nairobi	C	23	73
Budpst.	C	25	77	Naples	S	25	77
Cairo	S	37	99	Nwcstl.	C	17	63
Cardiff	C	14	57	N York†	R	23	73
Casbca.	C	20	68	Nice	S	22	72
Cape T.	F	18	64	Nicosia	S	28	82
Chicg.†	S	16	61	Oporto	F	19	66
Cologne	C	21	70	Oslo	F	17	63
Cpnhgn.	C	16	61	Paris	C	18	64
Corfu	S	29	84	Perth	R	13	55
Denvert	F	16	61	Prague	F	26	79
Dublin	C	15	59	Rykivk.	C	7	45
Ednbgh.	C	15	59	Rhodes	S	27	81
Faro	S	28	82	Rio J'o†		—	—
Florence	S	30	86	Rome	S	27	81
Frankf't	C	20	68	Salzb'rg	S	30	86
Funchal	C	23	73	S'ciscot	F	13	55
Geneva	F	26	79	S'tingo†		—	—
Gibraltar	S	26	79	Stckhm.	R	17	63
Glasgw.	C	13	55	Strasb'g	R	18	64
G'msey	C	13	55	Sydney	S	16	61
Helsinki	F	21	70	Tangier	F	23	73
H. Kong	F	28	82	Tel Aviv	S	26	79
Innshrk.	S	29	84	Tenerife	C	20	68
Invrnss.	C	12	54	Tokyo	C	24	75
I.o.Man	C	13	55	Trntn.†	F	17	63
Istanbul	S	27	81	Tunis	S	32	90
Jersey	C	12	54	Valencia	S	29	84
Jo'burg	S	11	52	Venice	F	25	77
L. Plms.	F	23	73	Vienna	S	26	79
Lisbon	S	22	72	Warsaw	F	27	81
Locarno	F	25	77	Zurich	C	21	70

C—Cloudy, F—Fair, R—Rain, S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

Allianz in the eyrie

Index fell 2.3 to 545.6

In an old fashioned dawn raid, Allianz would probably have picked up 29.9 per cent of Eagle Star in less than half an hour last Monday. Under the new rules—which must be judged a success—Eagle Star has been given time to react, and there have been second thoughts in the market place. Only 15 per cent of the available shares were tendered, at the maximum price of 290p.

It must now be in Allianz's interest to let the dust settle, and there would be little point in its coming back to bid for the 2.6m shares which it failed to get in the tender. There has been a heavy turnover in Eagle Star's shares in the past few days, and with weak holders out of the way there is no reason to expect any big changes in the price. But after a rise of an eighth in little more than a week, the sector as a whole may be due for a reaction unless some other *predator shows his teeth.*

Banking figures

Already much firmer on Monday, when half the world's foreign exchanges were closed, sterling held up well again yesterday in rather more challenging conditions and the gilt-edged market showed rises extending to nearly a point. The more stable conditions in the U.S. credit markets are largely responsible, but yesterday's British banking figures were certainly a help.

It is possible to argue that the annual rate of sterling M3 growth over the past six months, adjusting for the effects of the civil service strike, is comfortably in single figures; although the Bank of England's estimates of the effects of the strike necessarily become more hesitant with every month and it is quite possible that there will be nasty surprises when it all ends.

Still, the figures allow the authorities to argue that domestic monetary conditions do not call for higher interest rates, and enables them to justify the present "hands off" approach. Thanks to the striking civil servants, overnight money remains very easy, so the rise in three- and six-month interbank rates does not yet threaten to provoke higher clearing bank base rates.

So long as dollar rates behave themselves, the most likely source of trouble is from pressure to fund. Gilt-edged redemptions are looming, calls on new stocks are running out —after Friday's call on Treasury 11½ per cent 1985 there will be no partly-paid stock in the market—and it is difficult to sell even unofficial taps when the market is weak. To get large-scale funding going again might require some spectacular event, which would almost certainly mean a rise in base rates. There is no doubt that the Bank's preference is to sell unofficial taps on a gently rising gilt-edged market: that would indeed be the happiest solution, but it all depends very much on the Fed.

Bass

Bass's figures are better than they first appear. Pre-tax profits for the six months to April have risen by only £1m to £51.1m, but the contribution from property disposals is well down and Coral has made a £3.2m seasonal loss in the first 3½ months of acquisition. So the basic businesses have produced a gain of 14 per cent, in spite of a higher depreciation charge following last year's revaluation and the inclusion of redundancy costs that some other brewers have been hustling below the line. In terms of volume the winter half has probably seen a decline of much the same order as the other major brewers, but it looks as if Bass has joined Whitbread in producing the most successful defence of trading margins.

The shares fell 3p yesterday nevertheless to 241p, where the prospective yield is 5¼ per cent.

The regional beers have continued to gain at the expense of the national ales, with a strong performance from Stones balancing the decline of Worthington "E." The expected benefit of higher amusement machine prizes has shown through and in soft drinks both volume and profits are higher following the merger with Whitbread. Coral, with perhaps £3m of head office expenses excised, may produce £12m for the full year. So Bass may emerge with something approaching £130m, against £113.5m.

Fiat

Fiat may have found a convenient, if unusual, way out of its partnership with West Germany's Kloeckner-Humboldt-Deutz in the Iveco truck company, one of the many unhappy cross-frontier ventures of the 1970s.

KHD's attempts to sell its 20 per cent stake to Fiat have so far been thwarted by disagreement over price, but the holding could now pass indirectly to a group of banks. Fiat has arranged a standard syndicated credit with a possible option for the lending banks to convert into Iveco equity. Such an operation would not have been feasible on the capital market since no conversion terms have been set and financial information on Iveco is distinctly lacking.

The banks will be paid a normal market rate on the loan, although they will forfeit retrospectively a small amount of interest if they decide to convert. The European banks involved will presumably not be interested in converting until a market listing for Iveco is arranged, enabling them to sell their shares. But the Arab banks, which make up half the consortium, are potential long-term equity holders.

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